

# PROVIDER COMPENSATION ANALYSIS FOR A HEALTHCARE PROVIDER

## ABOUT THE CLIENT

Client is a U.S. based integrated network of **gastroenterology care centers** that provides services across entire spectrum of gastrointestinal issues.

### SITUATION



- Client adopted a Profit-Sharing Model with the acquired care centers, and **they lack the visibility into the compensation distribution** for Partner Physicians due to divergent contractual agreements with Care Centers
- Merilytics partnered with the client to **build comprehensive and scalable report** to understand the **impact on bi-weekly payouts** to the Partner Physicians and estimate the quarterly lump sum amount due based on the contractual agreements between the client and care centers

### VALUE ADDITION



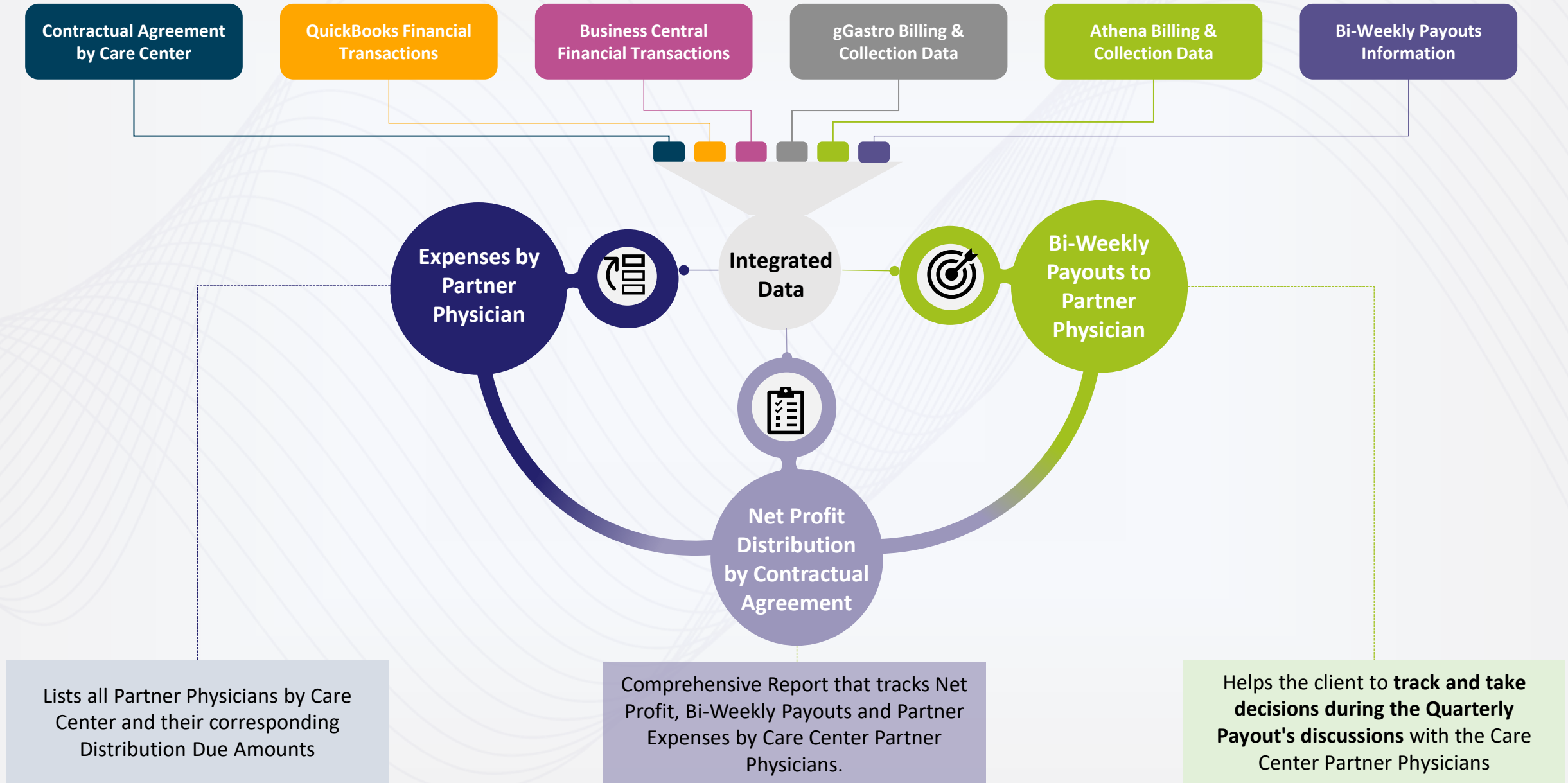
- **Integrated data from different sources systems (gGastro and Athena)** into single centralized dataset which has bi-weekly payouts to the Partner Physicians, financial transactions, employee census, billings & collections information
- Calculated the **Net profit, Bi-weekly payouts** and **Partner Physician expenses** across the care centers and estimated the **final distribution amount** due for each Partner Physician based on the contractual agreement by analyzing each agreement clause and deriving the business logics

### IMPACT



- Comprehensive reporting suite **helped the client's payroll team to finalize the Quarterly Payouts** based on the contractual agreements with the Care Center and the Partner Physicians. This reporting helped the clients in **reducing their cash payouts by ~15% per quarter** when compared to the bi-weekly payouts
- Breakdown comparison at a Partner Physician level helped the client to **track and take decisions during the Quarterly payout's discussions** with the Care Center Lead or Partner Physicians that reduced their extra payouts to the Partners

## METHODOLOGY/ APPROACH



# IMPACT ANALYSIS – PROVIDER COMPENSATION

**ILLUSTRATIVE**

Partner Physicians	Physician 1	Physician 2	Physician 3	Physician 4	Physician 5	Partner Totals
<b>Service Type 1</b>						
Total Revenue	\$222,229	\$324,129	\$274,745	\$277,895	\$226,362	<b>\$1,325,360</b>
Share of Revenue	<b>17%</b>	<b>24%</b>	<b>21%</b>	<b>21%</b>	<b>17%</b>	<b>100%</b>
Shared Participant Revenue	\$265,072	\$265,072	\$265,072	\$265,072	\$265,072	<b>\$1,325,360</b>
Shared Revenue	\$46,792	\$46,792	\$46,792	\$46,792	\$46,792	<b>\$233,958</b>
<b>Total Revenue</b>	<b>\$311,864</b>	<b>\$311,864</b>	<b>\$311,864</b>	<b>\$311,864</b>	<b>\$311,864</b>	<b>\$1,559,319</b>
Total Expense less the Partner Expenses	\$35,467	\$35,467	\$35,467	\$35,467	\$35,467	\$177,333
<b>Net Service Type 1 Profit</b>	<b>\$276,397</b>	<b>\$276,397</b>	<b>\$276,397</b>	<b>\$276,397</b>	<b>\$276,397</b>	<b>\$1,381,985</b>
<b>Service Type 2</b>						
Total Service Type 2 Income	\$55,374	\$55,374	\$55,374	\$55,374	\$55,374	\$276,871
Service Type 2 Expense	\$42,096	\$42,096	\$42,096	\$42,096	\$42,096	\$210,481
<b>Net Service Type 2 Profit</b>	<b>\$13,278</b>	<b>\$13,278</b>	<b>\$13,278</b>	<b>\$13,278</b>	<b>\$13,278</b>	<b>\$66,390</b>
<b>Service Type 3</b>						
Total Service Type 3 Revenue	\$118,000	\$118,000	\$118,000	\$118,000	\$118,000	\$590,000
Service Type 3 Expense	\$13,947	\$13,947	\$13,947	\$13,947	\$13,947	\$69,734
<b>Net Service Type 3 Profit</b>	<b>\$104,053</b>	<b>\$104,053</b>	<b>\$104,053</b>	<b>\$104,053</b>	<b>\$104,053</b>	<b>\$520,266</b>
<b>Care Center Profit</b>	<b>\$393,728</b>	<b>\$393,728</b>	<b>\$393,728</b>	<b>\$393,728</b>	<b>\$393,728</b>	<b>\$1,968,641</b>
(x)% Pool Amount Split by Revenue Share	\$247,568	\$361,087	\$306,072	\$309,582	\$252,172	\$1,476,480
(100-x)% Pool Amount Split by equally	\$98,432	\$98,432	\$98,432	\$98,432	\$98,432	\$492,160
<b>Profit Distribution</b>	<b>\$346,000</b>	<b>\$459,519</b>	<b>\$404,504</b>	<b>\$408,014</b>	<b>\$350,604</b>	<b>\$1,968,641</b>

Distributed the Care Center Profit among the Partner Physicians for the Care Center based on the Profit Distribution and Contractual Agreement.

# IMPACT ANALYSIS – PROVIDER COMPENSATION

**ILLUSTRATIVE**

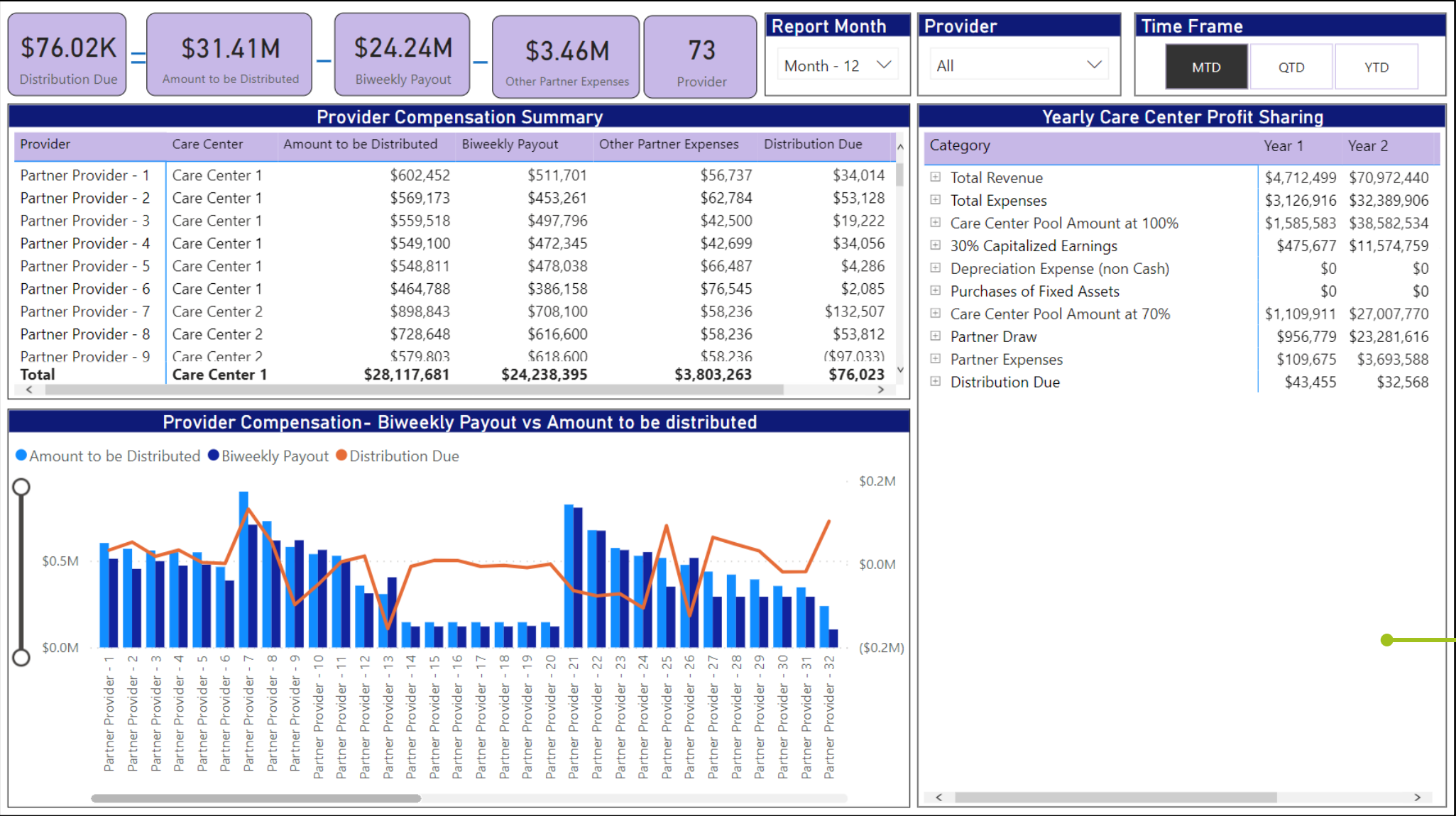
Partner Physicians	Physician 1	Physician 2	Physician 3	Physician 4	Physician 5	Partner Totals
<b>Profit Distribution</b>	<b>\$346,000</b>	<b>\$459,519</b>	<b>\$404,504</b>	<b>\$408,014</b>	<b>\$350,604</b>	<b>\$1,968,641</b>
<b>Partner expenses</b>						
Partners Expenses Type 1	\$0	\$14,393	\$0	\$0	\$6,156	\$20,549
Partners Expenses Type 2	\$0	\$841	\$0	\$0	\$279	\$1,120
Partners Expenses Type 3	\$0	\$0	\$0	\$0	\$29	\$29
Partners Expenses Type 4	\$53	\$131	\$105	\$26	\$96	\$411
Partners Expenses Type 5	\$9,625	\$9,625	\$9,625	\$9,625	\$9,625	\$48,125
<b>Total Partner Expenses</b>	<b>\$9,678</b>	<b>\$24,991</b>	<b>\$9,730</b>	<b>\$9,651</b>	<b>\$16,185</b>	<b>\$70,235</b>
<b>Net Profit Sharing (After deductions)</b>	<b>\$336,322</b>	<b>\$434,528</b>	<b>\$394,774</b>	<b>\$398,362</b>	<b>\$334,420</b>	<b>\$1,898,406</b>
Total Regular Payouts to Partner Physicians	\$133,750	\$141,780	\$110,877	\$109,279	\$78,000	\$573,686
Carry over Balances (Previous Year)	-\$12,864	-\$13,320	-\$10,829	-\$11,207	-\$12,004	-\$60,224
<b>FINAL PENDING PAYMENTS</b>	<b>\$189,708</b>	<b>\$279,428</b>	<b>\$273,068</b>	<b>\$277,877</b>	<b>\$244,416</b>	<b>\$1,264,496</b>

**Final Distribution Due after deductions including Partner Expenses, Bi-Weekly Pay-outs to Partner Physicians and Carry Over Balances from Previous Year at a Partner Physician level and the care Center.**



# IMPACT ANALYSIS – PROVIDER COMPENSATION

ILLUSTRATIVE



Provider Compensation Summary

Provider	Care Center	Amount to be Distributed	Biweekly Payout	Other Partner Expenses	Distribution Due
Partner Provider - 1	Care Center 1	\$602,452	\$511,701	\$56,737	\$34,014
Partner Provider - 2	Care Center 1	\$569,173	\$453,261	\$62,784	\$53,128
Partner Provider - 3	Care Center 1	\$559,518	\$497,796	\$42,500	\$19,222
Partner Provider - 4	Care Center 1	\$549,100	\$472,345	\$42,699	\$34,056
Partner Provider - 5	Care Center 1	\$548,811	\$478,038	\$66,487	\$4,286
Partner Provider - 6	Care Center 1	\$464,788	\$386,158	\$76,545	\$2,085
Partner Provider - 7	Care Center 2	\$898,843	\$708,100	\$58,236	\$132,507
Partner Provider - 8	Care Center 2	\$728,648	\$616,600	\$58,236	\$53,812
Partner Provider - 9	Care Center 2	\$579,803	\$618,600	\$58,236	(\$97,033)
<b>Total</b>	<b>Care Center 1</b>	<b>\$28,117,681</b>	<b>\$24,238,395</b>	<b>\$3,803,263</b>	<b>\$76,023</b>

Yearly Care Center Profit Sharing

Category	Year 1	Year 2
Total Revenue	\$4,712,499	\$70,972,440
Total Expenses	\$3,126,916	\$32,389,906
Care Center Pool Amount at 100%	\$1,585,583	\$38,582,534
30% Capitalized Earnings	\$475,677	\$11,574,759
Depreciation Expense (non Cash)	\$0	\$0
Purchases of Fixed Assets	\$0	\$0
Care Center Pool Amount at 70%	\$1,109,911	\$27,007,770
Partner Draw	\$956,779	\$23,281,616
Partner Expenses	\$109,675	\$3,693,588
Distribution Due	\$43,455	\$32,568

Provider Compensation- Biweekly Payout vs Amount to be distributed

Amount to be Distributed (Blue Bar), Biweekly Payout (Dark Blue Bar), Distribution Due (Orange Line)

Provider Compensation Dashboard to assess the Net Profit, Biweekly Pay-outs, Partner Expenses and Final Distribution Due at a Partner Physician level and the care Center.