

4.02 BUSINESS PRACTICES

Introduction

Sound business practices are the foundation for the growth and effective development of pediatric hospital medicine programs. Business practice refers to program development, management, contract negotiation, and optimizing financial performance. Healthcare systems need physician leaders with the skills to improve operational efficiency while providing safe, high quality care. Pediatric hospitalists must acquire and maintain business skills to represent and define hospitalist roles within the hospital, expand practices intelligently, anticipate change, and respond effectively to sustain financial success.

Knowledge

Pediatric hospitalists should be able to:

General

- Discuss the elements of mission and vision statements and the importance of strategic alignment of these with stakeholder goals.
- Compare and contrast between the basic structure of hospital employed, university employed, and private practice pediatric hospital medicine program models.
- Identify basic business differences between freestanding children's hospitals versus pediatric health systems that partner with or are included within adult systems.
- Explain the necessity for a sound business plan, professional management, and strategic planning.
- Identify the basic components of the budget for a pediatric hospital medicine group and consider how these may differ based on practice location.
- Define basic terms such as diagnostic related group (DRG), average daily census (ADC), length of stay (LOS), payment to charge ratio (PCR), case mixed index (CMI), and payor mix.

Payment Models

- Describe the difference between hospital cost and hospital charge.
- Compare and contrast payment methods for pediatric hospitalists with those for hospitals and describe the effect of payer mix on payments to each.
- Define commonly used payment models such as capitation, fee for service, pay for performance, shared savings, and others.
- Identify the impact of specific features of some models of healthcare, such as carve-outs, case-, disease-, and demand-management, on quality of care and cost-control.
- List the key components of the Affordable Care Act and state implications of its implementation on hospital care and healthcare systems, such as managed care organizations, HMOs, ACOs, and others.
- List examples of non-clinical responsibilities that should be included in pediatric hospital medicine program payment models as appropriate, such as committee work, administra-

tion, research, and trainee education, possibly incorporating use of educational value units (EVU).

- Distinguish between pediatric hospitalist compensation structures, including those based on salary, productivity incentive, and case rate models.
- Describe the role of the work relative value unit (wRVU) and its utility in physician workload, assignment metrics, and compensation.

Billing

- Review physician Current Procedural Terminology (CPT) billing codes commonly used by pediatric hospitalists and summarize the criteria for each.
- Compare and contrast how work relative value units (wRVUs) versus patient encounters demonstrate productivity.
- Describe the impact of documentation on coding for both pediatric hospitalists and the hospital.
- Summarize the International Classification of Diseases-10 (ICD-10) system.
- Articulate the importance of billing and coding compliance and its relevance to physician compensation, physician-hospital contracting, and working with trainees.

Structure

- Identify factors that can impact a hospital medicine program staffing plan, such as census, patient acuity, trainee responsibility, and coverage requirements (services, shifts).
- Identify key elements of business compliance by the Office of the Inspector General (OIG) of the United States Department of Health and Human Services (DHHS).
- State the importance of professional credentialing, licensing, and liability coverage on the ability to maintain a successful business model for both the pediatric hospital medicine program and the hospital.

Skills

Pediatric hospitalists should be able to:

- Participate in review of basic business reports, including income statements and performance reports.
- Assist with creating a basic budget for a pediatric hospital medicine program in a community or a university/children's hospital site.
- Demonstrate basic negotiation skills through role play or attendance at negotiation sessions with third party payors, the institution, department chair, or other contracted entity.
- Consistently complete clinical documentation in a manner that meets expectations of regulatory agencies.
- Complete coding and billing processes efficiently and accurately.

Attitudes

Pediatric hospitalists should be able to:

- Advocate for a business model that encourages retention of pediatric hospitalists and allows for adequate staffing to support high quality care, patient safety, and physician wellness.

- Role model accountability with regard to billing, coding, and business regulations.
- Support the business of pediatric hospitalists by maintaining fiscal awareness and proactively managing stakeholder expectations.
- Seek opportunities to acquire basic business skills.

Systems Organization and Improvement

In order to improve efficiency and quality within their organizations, pediatric hospitalists should:

- Collaborate with colleagues and business leaders to make sound business decisions, using performance feedback, peer review, and quality improvement information.

- Engage with hospital administration on strategic business planning wherever possible.

References

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2. Cawley P, Deitelzweig S, Flores L, et al. The key principles and characteristics of an effective hospital medicine group: an assessment guide for hospitals and hospitalists. *J Hosp Med.* 2014;9(2):123-128. <https://doi.org/10.1002/jhm.2119>.
3. Hinami K, Whelan CT, Miller JA, Wolosin RJ, Wetterneck TB. Job characteristics, satisfaction, and burnout across hospitalist practice models. *J Hosp Med.* 2012;7(5):402-410. <https://doi.org/10.1002/jhm.1907>.