

# Rx for improving patient satisfaction: Results-sharing

## Abstract

*An ophthalmology group practice in Waterloo, Iowa, successfully improved client services, increased sales and raised employee retention rates by initiating a results-sharing program — an incentive compensation system based on measurable performance improvement.*

**Key words:**  
Results-sharing,  
patient  
satisfaction,  
compensation,  
performance

*We discuss the six-step results-sharing program we developed for this eye center that reduced supply costs, improved patient satisfaction, streamlined appointment scheduling, improved patient retention, increased cross-selling and enhanced the bottom line.*

**T**he 1990s turned upside down the way traditional physician groups do business. Faced with competition that can undercut prices, many medical groups look for ways to improve customer service and patient satisfaction to gain a competitive edge. While improving the communication skills and cross-selling techniques of their staff is vital, practice leadership is often unsure of the best way to convince staff of the need for change and obtain support for their plans. Mauer Eye Center, Waterloo, Iowa, found that a results-sharing program allowed it to meet and in some ways exceed expectations.

## Results-sharing a motivational tool

Results-sharing began as a motivational tool for the manufacturing industry in the 1930s. It has evolved into a means of increasing productivity levels and encouraging better customer relations in service industries.

Results-sharing resembles profit-sharing in many ways, since base pay is not jeopardized. But instead of direct payments based on an organization's overall financial improvement, results-sharing targets specific areas in the business for enhancement and pays employees cash bonuses when goals are met. Because workers receive bonuses only when the organization achieves stated targets, they learn to recognize the connection between their performance and pay.

By Kevin Paulsen and David Westman

While results-sharing programs can effectively improve front office procedures, hospital administrators and practice managers must take special care when designing a results-sharing program for physician groups. An advisory bulletin issued by the Department of Health and Human Services' Office of Inspector General (OIG) cautions medical groups to avoid results-sharing arrangements that may create a conflict of interest between the physician's professional treatment of patients and his/her ability to qualify for a bonus. The bulletin states, "The civil money penalty set forth in section 1128A(b)(1) of the [Social Security] Act prohibits any hospital or critical access hospital from knowingly making a payment directly or indirectly to a physician as an inducement to reduce or limit services to Medicare or Medicaid beneficiaries under the physician's care." The OIG later clarified its position, explaining that the ban applies only to fee-for-service plans and not to managed care plans.

The OIG clearly understands why hospital administrators need to offer incentives to physician groups to reduce costs. Because doctors are paid separately under Medicare Part B and Medicaid, they may have diminished concern for expenses incurred by the hospital. Results-sharing programs give hospital directors and practice leaders a means of spurring physicians to eliminate unnecessary costs. The OIG agrees that many money-saving opportunities exist, such as substituting lower-cost but equally effective medical supplies, or by reducing unnecessary lengths of stay. However, due to the plain language and broad application of the act, results-sharing programs that tie a physician's compensation to reductions or limitations in services are prohibited.

Mauer Eye Center's results-sharing program, however, is unaffected by the OIG's ruling because the center is not affiliated with a hospital and has no physicians participating in the plan.

#### **Implementing the program at Mauer Eye Center**

Successful results-sharing programs usually start small and build momentum as employees realize the potential financial rewards. Mauer Eye Center's owner,

Richard Mauer, MD, and his office manager, Kim Werkman, decided the timing was right to focus staff on the practice and developed a comprehensive approach to improve business practices throughout the office.

They first assembled a design team comprising Werkman, Kevin Paulsen, the front office team leader, the optical team leader, the clinical team leader and the marketing director to focus on critical areas in the office needing improvement. Mauer and Werkman realized that a program imposed on employees by management might lead to its rejection, so they decided to assign the design process to their most trusted staff members. This step benefited them in two ways. Not only would the designers have hands-on front office experience to guide the project, but employees would see the changes as coming from their peers, increasing the likelihood of buy-in from all involved.

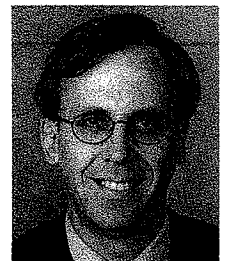
Charged with the task of developing a system to improve patient satisfaction and foster growth, the design team went to work. They found six distinct areas that could stand improvement, established guidelines and created measurement tools to quantify results. After obtaining approval of the plan from Mauer, the design team announced the new results-sharing program to the staff. The six specific objectives Mauer Eye Center's team targeted apply to health care services in general: cost control, customer service, scheduling, patient retention, cross-selling and building the business.

#### **Cost control**

Every business fights to control supply. The design team noted that employees had significant influence on high-ticket items and believed that attention on everything from eyeglasses to office supplies could result in significant savings. But as many well-intentioned managers know, simply telling employees to be more careful often triggers a resentful "they can afford it" attitude. With results-sharing, people instantly see how waste or carelessness eliminates their bonus. When employees realize their thrift is rewarded with cash, they often seek additional ways to reduce costs. In the long run, this mentality builds a sense of ownership in the whole organization.



*Kevin Paulsen is consulting manager, RSM McGladrey, Town Centre, Cedar Rapids, Iowa; (319) 298-5228; Kevin\_Paulsen@rsmi.com.*



*David Westman is managing director, RSM McGladrey, Schaumburg, Ill.; (847) 517-7070; David\_Westman@rsmi.com.*

### Customer service

No amount of medical expertise can overcome bad customer service. Studies conducted by the National Restaurant Association show that customers evaluate the quality of an entire establishment based on their first encounter. Good customer service is mostly common sense, but until a practice emphasizes good people skills to employees, patients may not be receiving the service they expect.

Smiling, answering patients' questions clearly and courteously, and offering them flexible scheduling all create a good impression. The Mauer design team developed a customer satisfaction survey to evaluate patients' perception of service, define areas for improvement and measure results. The surveys began at the start of the results-sharing program, so no hard evidence existed to assess progress, but patients have mentioned a noticeable improvement in their dealings with staff.

### Customer-centric scheduling

The ophthalmologists immediately accommodated and challenged the design team when it mentioned a desire to improve scheduling. The staff routinely left openings in doctors' bookings for a variety of needs and situations. They frequently scheduled appointments as far as five weeks out, in the mistaken belief that patients wanted more scheduling choices. A close examination of the appointment book showed that patients often went elsewhere for quicker service or failed to show up when they forgot their appointments.

The design team decided that patient appointments needed to happen within two weeks. They wanted to fill spaces when cancellations or no-shows occurred. As a result, the physicians are already more profitable and patients get appointments much more quickly.

### Patient retention, cross-selling

The scheduling improvements also increased patient retention. Staff began calling patients to remind them of upcoming appointments, which improved patients' perception of the office. It's also evident that more patients are staying with Mauer Eye Center because the need to transfer files to other eye care centers dropped significantly.

Switching from eyeglasses to contact lenses may be a cosmetic decision for consumers, but for a business it is a move to a higher revenue stream. Prior to the results-sharing program Mauer Eye Center staff had no incentive to sell additional products. Only if a patient asked for prescription sunglasses or contact lenses would extra sales occur. By emphasizing the need to increase sales and tying it into the results-sharing program, the design team inspired staff to act as salespeople and revenue increased significantly.


### Building the business

The stepped-up effort to improve patient satisfaction has increased Mauer's new business and enhanced cost control. Much of this success can be attributed to word of mouth and improved teamwork among staff. Patient satisfaction has also risen, thanks to process improvements like the new scheduling policy.

Results-sharing programs don't

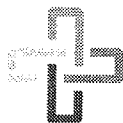
need to be this ambitious to be successful, but to work effectively, employees must be kept informed of the program's progress throughout its existence. Because the design team developed quantitative tools to measure results, the leadership team could post progress reports in the employee break room and give updates during periodic meetings. Some organizations post results via e-mail on a regular basis. Regardless of the method, if employees don't meet the goals of the program and receive no warning prior to the deadline, they may become resentful and the project will fail.

Results-sharing programs work for two reasons. They give employees a sense of what it takes to run a successful business, and reinforce their participation in the organization by making them feel more valuable. Each success builds momentum for the next targeted area, and as the difficulty of the projects increase, so should the cash bonuses.

Mauer Eye Center staff benefited from its new program almost immediately. Employees received a 3 percent bonus at the end of the first quarter and exceeded 5 percent at the end of the second quarter. Medical group practices looking to improve customer relations as a way to increase profitability could benefit by introducing a results-sharing program in their offices. 

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