

Physician Employment and the SHIFT OF INFLUENCE IN HEALTHCARE DELIVERY

With the delivery of healthcare becoming more consolidated, decision making is now centralized within a group of powerful health systems that oversee complex networks of hospitals, nursing homes, medical offices, and practice groups.

Driven by reform, such as the Affordable Care Act, health systems are being challenged to achieve lower costs and provide better patient outcomes. Through integration, these large systems are increasing control over their networks, including choices related to treatment plans, formulary, health IT adoption, and sales-rep access. Commercial expansion is also underway, with health systems stepping up their acquisition of private practices, surgery centers, pharmacies, and elder care facilities.

National Expansion of Networked Care

Health systems are focused on expanding their networks and influence to meet population health management goals and objectives. They go through a transformation process to integrate both inpatient and outpatient settings in order to assume risk for a population. The stages of transformation include: expanding services and facilities through employment and affiliation; upgrading, consolidating and linking health IT systems; developing protocols to standardize care and reduce variability; and as-

suming financial risk for an episode of care.

The ecosystem has grown substantially. As of this writing, Cegedim, through its OneKey research centers, has identified about 675 integrated health systems in the United States. About 45,000 physicians are employed with or managed by these health systems. Almost 50,000 worksites are aligned with the health systems. At the headquarters alone, there are almost 3,000 individuals who have C-level job titles with decision-making authority. Among them are influential committee members, formulary directors, and administrators.

The Trend Toward Physician Employment

According to a recent report from recruiter Merritt Hawkins, the trend toward the employed physician model now accounts for 90% of new physician job openings at hospitals, medical groups, health centers, and other healthcare facilities. Research from OneKey indicates 65% of oncologists are employed. Much of the physician hiring can be attributed to the importance of value-based care.

As more HCPs join large health systems where many decisions are centralized, individual providers are becoming less influential when it comes to prescribing and treatment decisions. While traditional sales practices might still work in states like Florida where many HCPs are operating independently, commercial

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teams need to take a different approach in the Northeast where employment rates are high.

Impact on the Commercial Model

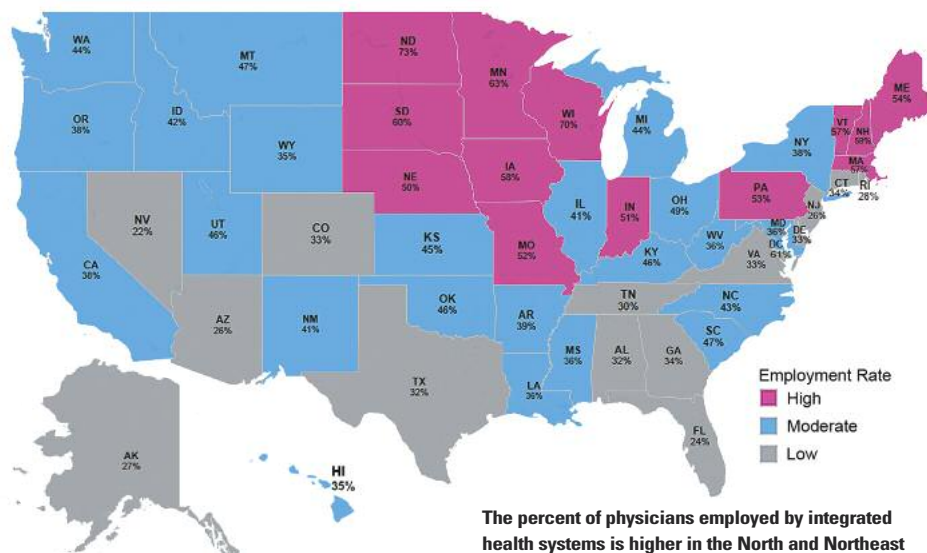
In the traditional engagement model, suppliers have successfully engaged and influenced providers site by site. As integrated health systems expand, individual providers have less power and influence. What does this mean for your commercial success?

Primarily, it will mean accurately identifying your new integrated targets, mapping geographic areas of influence, understanding new policies and protocols, and gaining insights to develop new go-to-market strategies that align with the health systems' goals and objectives.

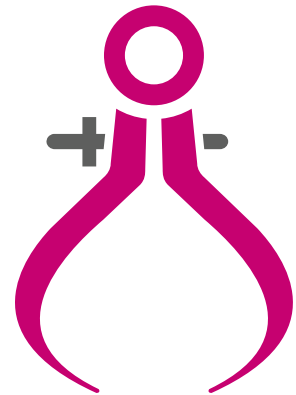
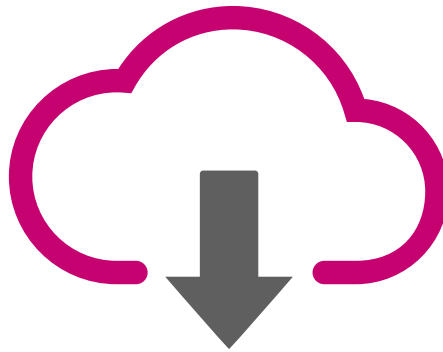
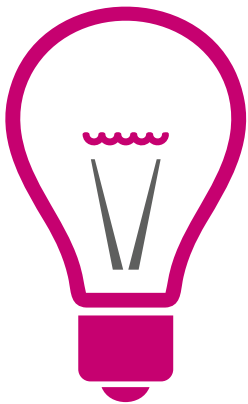
Decision making is becoming corporate and centralized. In some instances, a select few health system dominate local care delivery, creating new challenges for the entire commercial value chain. Under this new dynamic ecosystem, it is important to understand how a health system, which includes a web of sites and providers, effectively coordinates and delivers patient services to improve outcomes. **PV**

Cegedim Relationship Management is dedicated to helping life-sciences companies successfully embrace the challenges of an ever changing environment by providing solutions that cover every step of the commercial cycle. **▼** For more information, visit cegedimrm.com.

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