



From Steelworkers to Surgeons: Gainsharing and Physician Groups

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From Steelworkers to Surgeons: Gainsharing and Physician Groups

If you can make a hospital or other facility a dollar by cutting its costs, you can keep 50 cents. Or more.

That, in a nutshell, is what's described as "gainsharing," an old concept that had its genesis in other industrial settings. One of the earliest cited examples is a system designed in the 1930's by a union official named Joseph Scanlon in order to save steel workers' jobs. The "Scanlon Plan" encouraged workers to adopt more efficient production methods by giving them half of the savings generated.

Gain sharing as a concept in healthcare has had its regulatory ups and downs. But, lucky for you, it's now back and ready as ever to be your own personal vending machine: put efforts in and out pops money. Under the right circumstances, of course.

And, the timing is right. As hospitals push to reduce or eliminate stipends in order to "cut costs," gainsharing proposals are aimed to enter what famed early 20th Century advertising genius Robert Collier called "the conversation in your customer's mind." Hospital executives want to reduce costs. You give them what they want and share in the rewards. Hey, even for someone (me) who thinks the concept of win-win is mostly B-S, gainsharing is a tremendous psychological and financial strategy.

Note that gainsharing is not, but could be, profit sharing; the system need not have anything to do with profitability. Although it's generally keyed to lowering costs, it can be linked to any number of factors, including quicker performance, exceeding quality baselines and the like. Finally, gainsharing is not individual-specific; rather, it is applied to groups (not necessarily all within one legally defined group), the aim being to modify overall behavior, and therefore output, however measured.

From a regulatory standpoint, gainsharing triggers a number of regulatory hurdles, from the Civil Monetary Penalty Statute in regard to inducement to reduce or limit services, to the Anti-Kickback Statute, and to Stark. But none need be insurmountable.

Importantly, the concept of gainsharing can be applied in many circumstances, both by hospital-based and office-based medical groups.

For example, in the situation described in OIG Advisory Opinion 07-22, a hospital agreed to share a percentage of the its cost savings with an anesthesia group. The underlying gainsharing program related to reducing the cost of anesthesia services during cardiac surgical procedures.

And, for example, in the situation described in OIG Advisory Opinion 08-09, a hospital agreed to share savings with several groups of orthopedic and neurosurgeons. The savings related to changes in the physicians' operating room practices and to the standardization of spine fusion devices and supplies.

Gainsharing strategies can be structured in a pure, straightforward manner. In other words, as freestanding gainsharing arrangements.

But, importantly in the larger context, they can be used as a tool in structuring a monetary split in a variety of other contexts, such as within an exclusive contract or as a part of a co-management deal.

The time is right for you to consider gainsharing as one of the important tools for your success. The regulatory climate is right. The psychological climate is right. The money's okay, too. If you like money, let's talk.

Wisdom. Applied. 108 - Physicians Must Brand Their Role in Healthcare or Suffer the Consequences

As hospitals quicken their pace to replace physicians with paraprofessionals, physicians must brand their role in healthcare or suffer the consequences.



2018 New Year's Un-Resolutions

We all make New Year's resolutions. "I'll do this or that!" Then January 5th rolls around and, well, you get the idea.

In keeping with our E-Alert New Year's Tradition, here's the hack. Flip things around: What will you not do, or stop doing, next year?

Here are some suggestions for 2018:

1. Stop yearning for a return to the golden past; it wasn't golden and it's not coming back.
2. Stop putting all of your eggs in the basket called a hospital. Hospitals, as we know them, are an endangered species in a world in

December 31, 2017

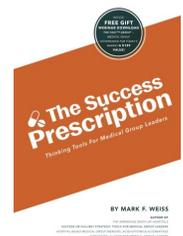
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CONTACT ME TODAY IF YOU'RE INTERESTED IN KNOWING YOUR POTENTIAL FOR PROFIT.

NEW BOOK OFFER



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Success. Even more success. It's what you want. Welcome to the club, which appears to be getting more exclusive every day, not due to evolution but to self-selection. Of course, sometimes we get stuck, or at least delayed, by the problem that pop up, blocking the way. But for many, the problem that they don't know what the problem is. I've been worked with medical group leaders with the aim of increasing the group's profits and managing their risk of loss for over 30 years. Does that mean that I have all of the answers? No. But what I do have is a point of view, a way of thinking about your success. So go ahead and start reading now. No one going to do it for you. Which, by the way, is thinking tool number one.

The Success Prescription is available for purchase in hard copy or in Kindle format on [Amazon](#) or you can [download complimentary PDF version here](#).

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The Impending Death of Hospitals



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Having fallen for the fallacy that there's profit in market share, hospitals have gorged on acquisitions and on employment and alignment of physicians. Many physician have been willing participants through practice sales and the belief that there's safety in hospital employment. But i

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Stop telling the hospital CEO, his administrator, your partner, or other promoter, who says the deal has been vetted by my lawyer and it's perfectly legal." If the deal involves you performing services without fair market value compensation, has you receiving a fee per adjudicated script, has you giving a discount, allows someone else to resell your services, or (and this should be obvious) has you paying them a fee per patient, consider how you'll look in an orange jumpsuit.

- 4. Stop aiming simply for so-called "best practices," which, if you think about it, is all about doing what other people do, which then leads to mediocrity.
- 5. Stop reacting to others' proposals. Become proactive and lead with your own strategy, not simply tactics.
- 6. Stop settling for less. Don't believe those who tell you that you have to lower your expectations. Set them as high as the stars. If you don't, you'll regret it sooner or later.

Oh, and one regular resolution: Resolve to have a very happy, healthy, and successful New Year!

Recently Published Blog Posts

- Thursday, December 28
[Learn About Negotiation From A Not So Dead Opossum](#)
- Wednesday, December 27
[Why Culture Counts in Healthcare Mergers and Acquisitions](#)
- Tuesday, December 26
[Is Fear Putting The Brakes On Your Future](#)
- Monday, December 25
[Un-Merry Christmas For Another Hospital](#)
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My book *The Success Prescription* provides you with a framework for thinking about your success. You can buy it on [Amazon](#) or, for free, download a copy of the e-book [here](#).

2. Be a guest on "Wisdom. Applied. Podcast."

Although most of my podcasts involve me addressing an important point for your success, I'm always looking for guests who'd like to be interviewed about their personal and professional achievements and the lessons learned. [Email](#) me if you're interested in participating.

3. Book me to speak to your group or organization.

I've spoken at dozens of medical group events, healthcare organization events, large corporate events, university-sponsored events, and private, invitation-only events on topics such as The Impending Death of Hospitals, the strategic use of OIG Advisory Opinions, medical group governance, and succeeding at negotiations. For more information about a custom presentation for you, [email](#) my Santa Barbara office staff.

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reasons for a hospital's existence. How can your practice survive and even thrive in the post-hospital world?

The Impending Death of Hospitals is available for purchase in hard copy or in Kindle format on [Amazon](#), or you can [download a complimentary PDF version here](#).

Hospital-Based Medical Group Mergers, Acquisitions & Alternatives



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Some days, it seems as if everyone, from anesthesia gro to vascular surgery practices, is talking about selling their practice to a larger group, to private equity investors, or to hospital.

The reality is that some practices can be sold, some can never be sold, and some have nothing to sell. The reality also is that there are a number of strategic alternatives to practice sale.

A perfect storm of factors is accelerating the market for hospital-based medical group mergers and acquisitions.

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Directions: Clarity For Medical Group Leaders

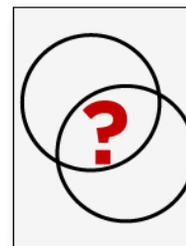


COMPLIMENTARY BOOK DOWNLOAD

The healthcare market is changing rapidly, bringing new set of problems. How can you find a solution, how can you engage in the right development of strategy, and how can you to plan your, or your group's, future without tools to help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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Are you prepared for guerrilla warfare? Mark's article, **The Flea That Killed the Medical Center CEO: A Cautionary Tale**, published in the Fall 2017 issue of *Communique*. Read or download [here](#).

Mark's article, **How to Prevent Your Medical Group From Getting Robbed of its Staff**, was published in the Summer 2017 issue of the Pennsylvania Society of Anesthesiologists magazine, *Sentinel*. Read or download [here](#).

Group featured in the summer edition of [Communique](#). Read or download [here](#).

Mark covers the trend of hospital based care an article entitled **The Impeding Death of Hospitals: How to Help Your Clients Survive** featured in [Today's CPA](#). Read or download [here](#).

Mark's article **Why Your Compliance Efforts May Be Worthless** was published in the Spring 2017 volume of [Communique](#). Read or download [here](#).

Mark was quoted in the article **ASC Regulatory Areas That Developers Need To Pay Attention To** published on No 2016 in The Ambulatory M&A Advisor. Read or download [here](#).