



Choosing the Right Physician Services Model for Your Hospital

Dan Wilbanks

Senior Vice President, Business Development



As the healthcare landscape continues to shift in a post-pandemic environment, hospital and health system leaders are continuously seeking ways to manage rising costs, while maintaining clinical quality and patient safety. While this seems to be a conceptual paradox, it is possible and necessary to sustain quality while considering financial impact. A key factor in this decision is whether to insource or outsource certain critical hospital-based physician specialties.

What does the term insourcing mean?

Many times, a hospital or health system will decide the best thing for them to do is employ the physicians for a particular specialty, most commonly emergency medicine, hospitalist services or anesthesiology. This decision is commonly referred to as insourcing. When we discuss insourcing and outsourcing, we are talking about the difference between hospitals employing a group of clinicians versus contracting with an outside clinician group, respectively.

With hospital budgets ever-tightening and operating margins shrinking, couldn't hospitals provide certain services more efficiently on their own?

The decision to insource or outsource is a common dilemma. When insourcing is considered, the facility tends to believe they could potentially have more control over clinical services and, therefore, be more efficient and generate cost-savings over the long-term. However, decision-makers may not always have a full view of all the financial and operational necessities associated with operating a physician enterprise. In an environment of rising costs, insourcing seems like a good option – until all of the expenses associated with operating a clinical practice are fully calculated.



Do hospital and health system leaders know risks and costs associated with bringing services in-house? What would a full cost/benefit analysis entail?

The value of partnering with a strategic service provider often gets lost in translation. An analysis would help demonstrate all of the competencies needed to successfully run a physician group. Areas such as recruiting, credentialing, onboarding, professional liability insurance, revenue cycle management, managed care contracting, patient safety/quality/risk organizations and much more would need to be fully considered for an accurate analysis.

Many of these can place an unnecessary burden on administration and can have negative downstream impacts on operations. Yet, all of these areas are vital to deliver safe, quality care and provide adequate clinician support; they are also all core competencies of outsourced physician groups like TeamHealth.

How does TeamHealth bring quality and value to facility partners?

TeamHealth brings quality and value to facilities through exceptional back-office support for the front-line clinicians who see patients each day. What that ultimately does is allow our physicians and APCs to focus completely on the patient, their experience and their outcomes versus having to worry about administrative tasks. Our national scope also allows us to recruit at a very high level so that we bring in world-class clinicians to each of our facility partnerships. Not to mention our support around reimbursement, training, leadership development and more.

What differentiators does TeamHealth offer a hospital or health system?

Many things set us apart. One is reducing risk based on the training, tools and support that we provide clinicians. This ultimately manifests in high-quality care for patients. We can also manage efficiently within different environments. Whether it's a fee-for-service or value-based setting, we have the experience, flexibility and footprint to adapt. Fundamentally, our clinical and operational differentiators equip clinicians and facilities to enhance patient outcomes and patient experience.

Can you share a success story of TeamHealth taking over a program that was previously run in-house?

As a strategic partner to hospitals and health systems across the country, we have many success stories like this across a variety of client footprints, and these stories cover virtually the entire clinical portfolio. As an example, there was a large health system that wanted to go down the path of insourcing. They did the work, made the recommendation and after pulling the trigger, realized some risks didn't get considered quite as fully as they should have been. This made their insourcing model complicated, and they ultimately vacated the initiative after about 18 months. At that time, TeamHealth helped restore much of their operational efficiency and has the majority of their contracted services today.



What advice do you have for hospital leaders considering insourcing vs. outsourcing in their hospitals?

Replacing a hospital-based physician practice is a big decision for hospital leaders. It's not an initiative taken on regularly and might be a once- or twice-per-career decision. We know from our experience that relying on organizations that specialize in outsourced services deserves heavy consideration, given that's what we do all day, every day.

So, my advice would be to fully consider all of the different options. Think about the expertise that outsourced clinicians would give your facility. Most importantly, make sure to consider all of the potential risks of insourcing those clinicians versus relying on outsourcing specialists.

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business_development@teamhealth.com [f](#) [@](#) [t](#) [in](#) [D](#)

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