

Strengthening healthcare networks: How physician needs assessments and performance-based data can guide provider network planning

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The physician needs assessment is a vital step in designing an equitable and comprehensive provider network that can empower communities to identify and address their specific healthcare needs.

Physicians are the backbone of a successful healthcare system, directly impacting the accessibility and quality of healthcare services by how and where they serve the community. Because physicians play such a key role in the overall system, the physician needs assessment is a vital step for many healthcare organizations in establishing an equitable and comprehensive healthcare network.¹ The physician needs assessment can empower healthcare organizations to identify needs specific to their community and build a comprehensive provider network that addresses those needs.

Hospitals typically conduct a physician needs assessment every three to five years, not as a mere formality but as a powerful tool to facilitate their strategic planning and help them prioritize limited resources. While the resulting findings can help identify important gaps in provider coverage and specialty need, an increasing number of organizations are taking it one step further and assessing physician quality and performance measures to facilitate a more targeted approach in their ongoing recruitment and alignment efforts.

A physician needs assessment can address a myriad of questions, including:

- What clinical specialties does a particular community within an organization's service area need most urgently?
- Are there trends in care needs that suggest a higher demand for select specialty services in the short- to near-term?
- How will utilization patterns (e.g., increased prevalence of certain care conditions) impact prioritizing certain specialty services and/or geographic areas?
- Do patients routinely seek care in other geographic regions due to limited access or expertise in their own community?

While the fundamental steps of a physician needs assessment are typically the same, the ways they are used to further an organization's strategic goals can vary widely. This article explores the importance of these assessments and the pivotal role they can play in provider network planning.

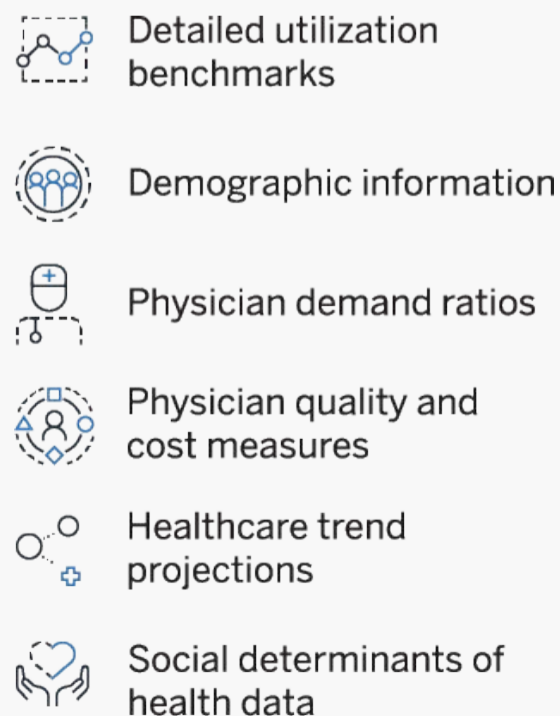
Understanding physician needs assessments

A physician needs assessment determines the demand and supply of healthcare physicians within a given region by systematically collecting and analyzing data. It considers factors such as population demographics, healthcare utilization patterns, the availability of specialists, and the anticipated healthcare needs of the community. Healthcare organizations and government agencies initiate the process to address gaps in healthcare services, especially in underserved populations.

Key tasks in a physician needs assessment

- Defining the organization's service area or areas.
- Collecting relevant demographic information and healthcare utilization patterns, including common health conditions and prevalent diseases, for patients located or seeking care within the organization's service area.

Figure 1: Relevant data sources for assessing physician need



- Reviewing existing physician resources within the organization's employed, contracted, and otherwise aligned network, including the types of physicians and specialists available along with their practice locations and capacity.
- Engaging key stakeholders through surveys and/or interviews to understand the community's particular clinical needs and priorities.
- Identifying gaps and needs, especially in key medical and surgical specialties and/or underserved areas, considering factors such as wait times for appointments and geographic accessibility to healthcare services.
- Developing an implementation strategy that helps organizations prioritize their most critical healthcare needs by identifying the specialties in highest demand and the most pressing gaps in care for its community.

Ways to incorporate physician needs assessments into an organization's strategic plan

Healthcare organizations can incorporate the findings from a physician needs assessment into their strategic planning processes in many ways. Whether the strategic goals are focused on increasing an organization's market presence for a particular specialty or on building an entirely new service offering for its community, a physician needs assessment plays a pivotal role in determining the most effective approach. The following are a few specific approaches to improving an organization's network using findings from a physician needs assessment.

Identifying specialty gaps

One of the primary goals of a physician needs assessment is to identify areas or specialties with insufficient physician coverage. These gaps can vary from primary care and mental health to specialized fields like neurology or rheumatology.

Evaluating care team models

While this article primarily focuses on physician needs, it is important to also consider the use of advanced practice providers (APPs) in terms of providing both direct and indirect patient care. In certain instances, physician shortages can be addressed through the increased use of APPs and the development of care team models, particularly for certain service lines, e.g., cardiovascular, musculoskeletal.²

Enhancing patient access

By recruiting physicians in high-demand specialties, healthcare networks can dramatically improve patient access to essential medical services. With improved access, patients are less likely to need to travel long distances or wait extended periods of time for specialized care.

Promoting cost-effective care

A well-balanced physician network often supports more cost-effective care. Patients can access appropriate specialists sooner, reducing the need for emergency or specialized care, and in turn reducing healthcare costs for both individuals and organizations.³

Efficient resource allocation

Physician needs assessments provide data-driven insights into the distribution of healthcare resources. By understanding where gaps exist and addressing them through strategic recruitment, healthcare organizations can allocate resources more efficiently and improve resource utilization. With a growing amount of data available related to social determinants of health (SDoH), racial health equity, and other issues, these assessments also allow organizations to evaluate the composition of their networks relative to the patients they serve.

Care coordination

Having a clearer understanding of a community's existing resources can allow organizations to better streamline care, remove duplicative services, and build internal and external partnerships to provide the full spectrum of care without risking unnecessary costs.

Using quality, cost, and other performance measures to prioritize alignment strategy

Once an organization understands its physician needs, the natural next question is whether there are physicians or physician groups already existing in the community that could be effective partners. Those with proven track records of high-performing, low-cost care are obviously the ideal partners, but it can be difficult to identify them without sufficient claims and reported performance data.

For those with access to this level of analytics, potential partnerships can be further explored by taking into account group or individual performance related to:

- Cost, quality, risk, and volume (compared to benchmarks)
- Performance by either or both clinical category and selected care conditions, e.g., Alzheimer's, end-stage renal disease (ESRD), chronic obstructive pulmonary disease (COPD), or congestive heart failure (CHF)
- Other categories related to an organization's strategic goals or value-based care arrangements

By carefully considering these types of factors, healthcare organizations can identify physician groups that are well-suited for partnership and poised to contribute to the organization's strategic objectives, financial viability, and commitment to delivering high-quality, patient-centered care.

Case study

Objective: Tying physician performance to an effective network alignment strategy.

Client: A healthcare organization, located in the Northwest (named “Innovative” for purposes of this case study).

Background: To achieve its growth strategy, Innovative was interested in aligning with at least one independent provider practice in its community. Two groups were under particular consideration, Provider Group A and Provider Group B. Innovative had solid relationships with both providers but was interested in a partner who would most likely help manage both the quality and cost of its patient population. Given Innovative’s participation in the Medicare Shared Savings Program (MSSP) and other risk-bearing arrangements, it first needed to assess the likely financial implications of incorporating one or both of these provider practices into its network.

Approach: An analysis of each provider practice was conducted to assess their relative costs of care, in particular looking at overall Medicare spend for attributed patients. Findings were compiled using claims-based data to evaluate the cost-effectiveness of each practice, while also taking into consideration the relative risk of their patient bases. The analysis took into account both individual providers as well as practices as a whole.

Results: Upon initial review, Provider A demonstrated a relatively high cost of care, indicating that its practice would be less likely to facilitate Innovative’s long-term financial goals. However, by taking into account the relative risk of its population, it was determined that Provider A actually consistently demonstrated more efficient patterns of care than Provider B and, at least from a financial perspective, would likely be a more effective partner than Provider B.

Conclusion: Innovative’s executive team had been ready to turn Provider A away based only on its claims data; but a more detailed analysis showed that this physician practice could significantly improve Innovative’s potential savings through its value-based care programs relative to the seemingly lower-cost Provider B practice. Consequently, alignment discussions were pursued with Provider A to further expand Innovative’s provider network.

Conclusion

A physician needs assessment is not just about identifying gaps in healthcare for a particular community. It is essential in building a robust physician network that meets the unique needs of an organization’s patient population. It serves as the foundation for data-driven healthcare planning and strategic physician partnerships. By understanding the specific needs of a community, healthcare organizations can ensure patients have access to the care they need, when they need it. It is a tool for empowerment, informed decision-making, and the equitable distribution of healthcare resources, ultimately resulting in stronger, more patient-centered healthcare.

¹ A physician needs assessment is an evaluation process used to better understand the current and anticipated needs within a community for primary and specialty care. They are typically conducted every three to five years for regulatory purposes (e.g., justifying recruitment assistance to community physicians), but are also used for a variety of other community need planning initiatives. For purposes of this article, a physician network is defined as a healthcare organization’s employed, contracted, or otherwise aligned set of physicians who provide care for the specific needs of that organization’s patient population.

² American Association of Medical Colleges (February 2022). Generating Physician Assistant and Nurse Practitioner Demand-Effect Ratios for Physician Workforce Projections.

³ Journal of Primary Care and Community Health (December 2022). The Effect of Primary Care Visits on Total Patient Care Cost: Evidence From the Veterans Health Administration.

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