



Status of the EBMG PSA Contract Renewal
November 2021 Finance Meeting



History of EBMG



OAKCARE
MEDICAL
GROUP



AHP



EBMG



July 2019, AHS announced that OakCare Medical Group (OMG) has decided to unify with AHP (Alameda Health Partners)

Effective July 1, 2020, East By Medical Group (EBMG) was formed. AHS contracts with EBMG through the Provider Services Agreement (PSA).

EBMG Shape and Size



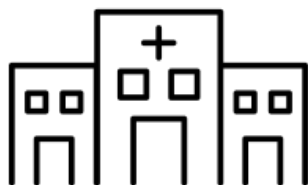
298

Staff MDs and PAs
representing ~196 FTE
+102 SANs



25

Specialty areas
represented



10+

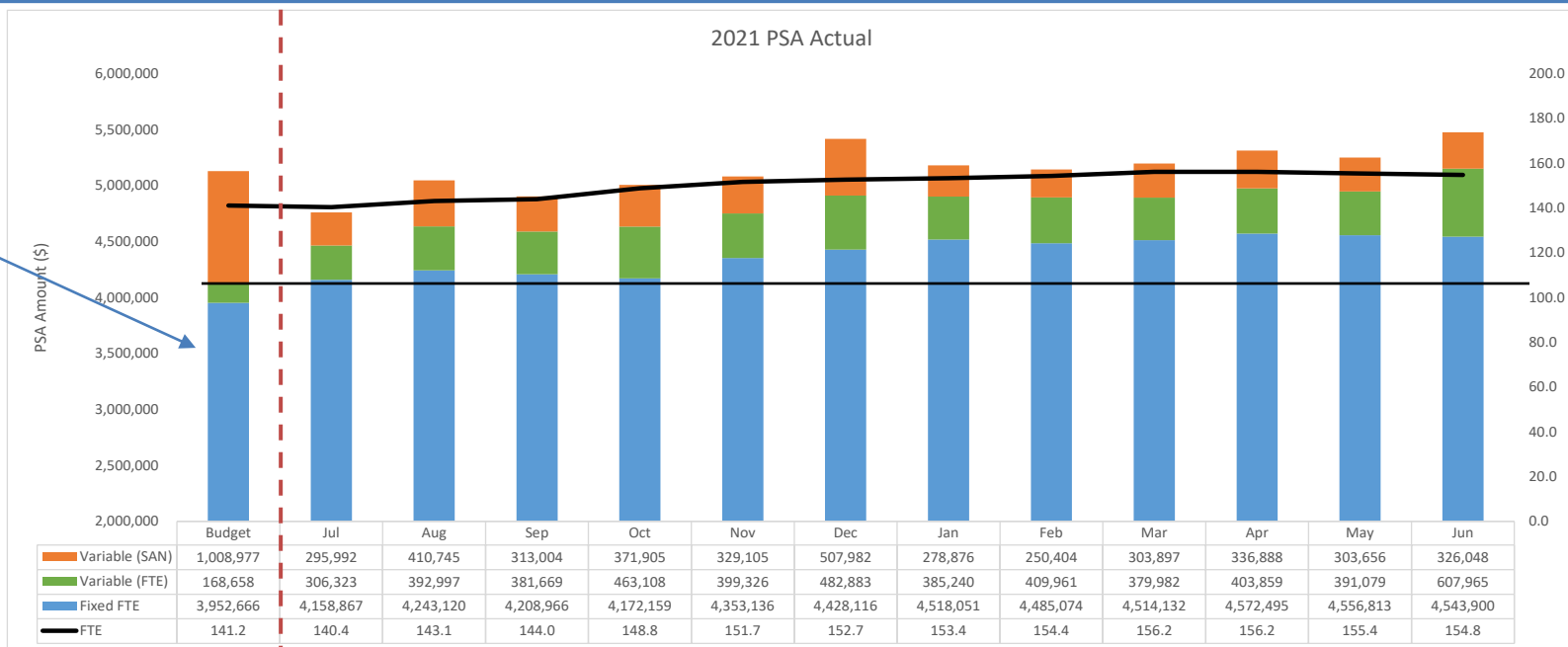
5 facilities, 4 wellness
clinics, 1 ambulatory
specialty clinic

Specialties Offered

Dermatology	Endocrinology
Diagnostic Radiology	Cardiology
GI	OB / GYN
Neurology	Geriatrics
Ophthalmology	Podiatry
Oral & Maxillofacial	ENT
Pathology	Rheumatology
Rehab Medicine	Orthopedic Surgery
Hematology	General Surgery
Hospice & Palliative Care	Anesthesiology
Pulmonology	Urology

Fixed and Variable Physician Expense

Provider Services Agreement (PSA)



Starting PSA Monthly Expenses

FY 2021
Budget \$61.6M
Actual \$61.8M

Notes:

- Excludes mid-levels, benefits, overhead, administrative and legal expenses in the PSA, \$13.3M, which is consistent with the proposed renewal structure
- Fixed FTE represents salary and additional shifts worked by all EBMG Full and Part-time Providers
- Variable bar represents the variable reimbursement under the PSA to cover additional EBMG provider call, Services As Needed (SAN) and other contracted services
- EBMG picked up additional work / call shifts to ensure staffing coverage for hospitals and patient care

Original Goal of PSA Contract

- ✓ Empower EBMG to Partner with AHS to Lead the Organization
- ✓ Platform to Drive Change
- ✓ Simplify the Administrative Burden of a separate group within AHS
- ✓ Drive Quality and Patient Care
- ✓ Eliminate Duplicative Overhead Expenses between the parties

Our Guiding Principles for the PSA Renewal

Our Vision

Provide a compensation structure that is **transparent, competitive and fair** that attracts and retains talented providers

Our Goals

Provider Recruitment and Retention

Target improvement over 3 years to achieve industry comparable production levels and compensation standards

A Culture of “Yes”

Encourage physicians to be agents of change and provide support for physician-led initiatives to improve operations and expand services

Our Values

Collaboration

Department Chairs should lead and make necessary staffing changes with a multi-year view. Providers partner with the AHS staff (DYAD partner)

Optimization

Teams should continue to evaluate and optimize AHS operations including schedules and staffing plans – systemizing workload

Overall group goal is to align compensation with market productivity benchmarks within a three-year timeframe and establish incentives for other performance metrics

Compensation's Role in Recruitment / Retention

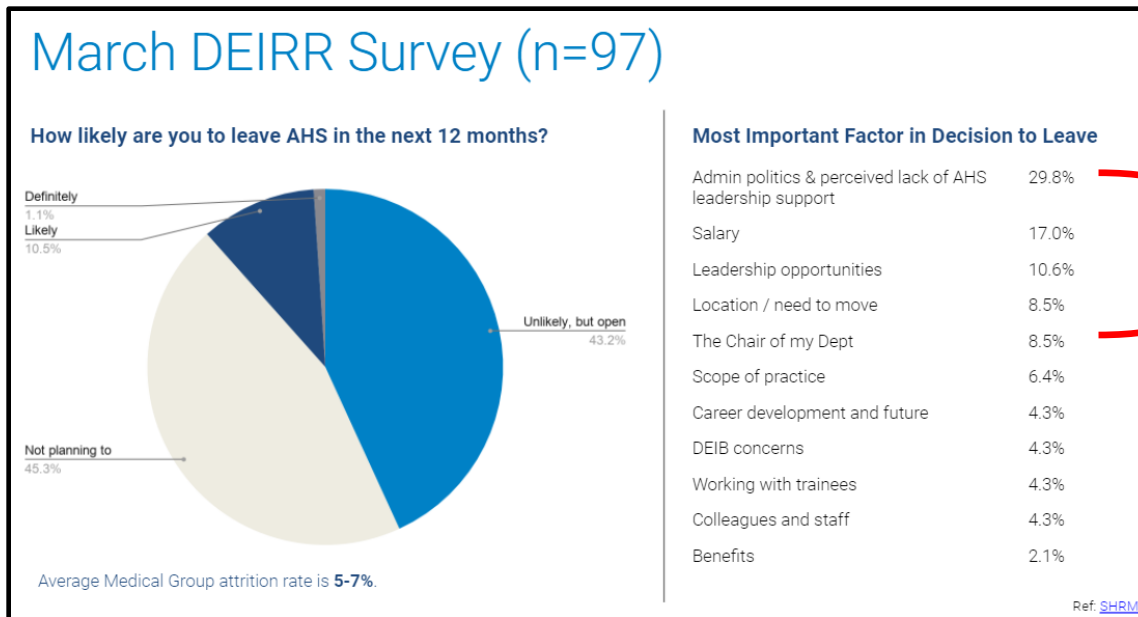
19 physicians have left EBMG since January; more have given notice

Service Lines at Risk

Orthopedic Surgery
Pulmonary & Critical Care

Primary Care
Surgical Subspecialties: Urology, ENT

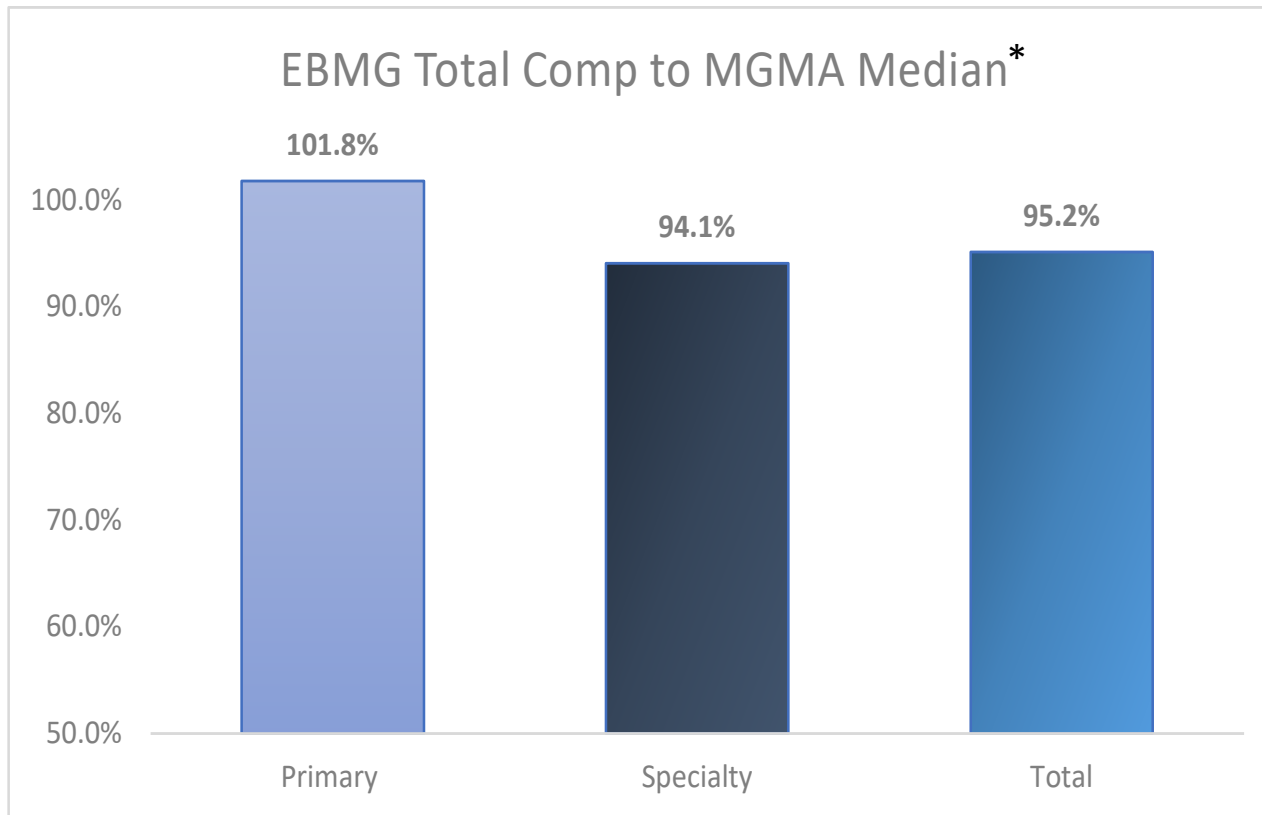
*A number of other specialties are understaffed or having difficulty recruiting



Compensation plays a part in the top four reasons

Current –EBMG Total Compensation to MGMA Median

Need to realign and balance where resources are consumed



*Based on FY 2021 Total Compensation for benefited physicians at AHS as of 6/30/21

- Non-EBMG contracted physician payments
- Base pay and call burden varies by department
- Need to balance the call burden to a sustainable level
- Recruitment plan is urgently needed
- There are opportunities to systemize the work
- Increased productivity provides revenue to offset expenses

Joint Progress to Date

- ✓ Compensation adjustments consistent with the guiding principals, outliers will be addressed in the compensation model (unbudgeted or redistribution of dollars).
- ✓ No decreases to base compensation; productivity consideration excluded in year 1.
- ✓ AHS committed to provide a **3% increase** to base compensation into the PSA contract for a total of ~**\$1.6M annually** (*unbudgeted*).
- ✓ Currently Reviewing / Performing Deep Dive into 7 specialty areas with input from ECG Consultants:
 - Embedded Call, Outside contract requirements, Recruitment plan, Staffing plan, Call coverage plan, Admin time versus Directorships and Other requirements
- ✓ Move Benefit Risk out of the PSA to have AHS pay employer costs directly and enhance Benefit Package for Providers starting January 2022 (**\$340K for fiscal year 2022**)

Next Steps

- 1** *The amendment to the PSA (“Amendment”) will be presented to the EBMG Board of Directors for approval.*

- 2** *EBMG and AHS leadership will present the Amendment to the AHS Board of Trustees for approval*

- 3** *Special Meeting of the Board of Trustees will need to be scheduled to approve the Amendment prior to target effective date of January 1st of 2022*