Demand Reduction in a Pay Per Visit Environment

Question:

One common observation we have made is that while we want to reduce the wait time for appointments and make the office cycle time more productive, when we are paid by the visit, reducing demand seems counterproductive.

Response:

Actually reducing demand is not counter productive. If the demand per patient is so high as to start to reduce value (churned visits), this precludes you from pursuing you mission of serving your patients, or keeps you in continuous and ever expanding backlog. The longer patients wait the worse your system performance. This is due to

- the rework and redundancy necessary to deal with all the wait time issues
- higher no shows which cause staff rework and unused system capacity (productivity issues)
- the high resource cost necessary to triage and sort the long waits from the short waits.

The delay and waiting times significantly add to the cost of care, and reduce overall system revenue performance.

I would approach this somewhat differently. The work in improving access and optimizing Primary Care delivery requires strategies to promote continuity and reduce wait times for and at services. As an inevitable consequence of the utilization of these strategies, the number of visits per patient per year will be decreased. This may make you nervous. On the other hand, if you can replace those “lost“ visits per patient per year with new visits from new patients, external to the practice, or with new visits from patients with unmet needs from inside the practice - that is, women that need PAP smears, etc. - then you can either break even or actually increase the number of total visits into the system, create opportunity for a more “mixed portfolio” of patients, and improve clinical care. But to do this, doctors have to see more unique patients, and you’ll have to inspire them to this mission and support them in this regard

As you can see we may have to reduce demand for visits per patients per year but that does not at all mean that total visits per year will be decreased.

Systems that incent visits will get just that: visits. But visits are not customer value nor are visits organizational value even in pay by the visit systems. Visits are an outcome, not a goal. If we make visits the goal and transmit this “visit incentive pressure” to the providers, we get providers who want a backlog since they feel that having a backlog is the best way to ensure they can deliver the required number of visits each day. They believe that having no backlog puts them at risk for unused capacity due to risk of low demand. So in order to mitigate the risk of low demand and ensure the patients they see are not sick, providers in these types of systems will often opt to have a significant backlog of “not-so-sick” patients. This, as I mentioned above, is very costly. The key change strategy is to shift the goal focus from visits to value and understand that at the right panel size and with the absolute requirement that providers see their own patients and don’t make them wait, they will deliver visits but

as outcome of the system. And, at the same time, the patients won't wait, and the cost will go down as satisfaction and outcomes will improve.

