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***Unlocking Latent  
Potential Within Your  
Total Rewards Program***



## Unlocking Latent Potential Within Your Total Rewards Program

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*“Actualizing that potential can improve that clinician experience and an organization’s ability to attract and retain that top physician talent.”*

— **Tim Kelly, Managing Consultant, Group Physician Advisory Services, The Partners Group**

Over the last several years the healthcare industry has struggled with unprecedented challenges when attracting and retaining physician talent. In August 2021 alone, over half a million healthcare and social workers left the job market as part of what has become known as “The Great Resignation.” For physicians, projections estimate that between now and 2034 over 40% of these staffing shortages will impact the primary care space. Combining these issues with the high costs related to physician turnover, health systems and medical groups across the country are being forced not only to reevaluate what they can offer regarding incentives and benefits for prospective hires—signing bonuses, forgivable loans, and the like—but to strategically leverage their total rewards package to draw and retain loyal physicians for the long haul.

In a webinar titled “Unlocking Latent Potential Within Your Total Rewards Program,” The Partners Group’s Managing Consultant of Group Physician Advisory Services Tim Kelly and Colorado Permanente Medical Group’s Executive Director of Compensation and Benefits Brandon Mouton laid out what they felt to be a systematic approach and model to help health organizations to optimally tap into these rewards packages.

### The First Step: A Vision

The beginning of Kelly and Mouton’s five-step process begins with creating a vision, developing a clear picture of what you’re hoping to achieve by engaging in the undertaking.

“Establishing the vision upfront is absolutely critical because it mitigates the risk of becoming distracted as you navigate the process,” explained Kelly. “It’s been said, ‘If you don’t know where you’re going, any road can take you there.’”

The key to solidifying your vision is determining your “why.” Why is this work even necessary? Many times, the why can be drawn all the way back to the mission of the organization, itself. Next, you need to determine what job you are using hiring benefits to do and the philosophy behind them. From there, you must develop any pertinent filters to guide the work, weed out ideas that are dead on arrival, and think about true organizational priorities. These filters can be anything from consideration on diversity, equity, and inclusion to budget neutrality.

“If we don’t know upfront, we have the opportunity to spend too much time vetting things that aren’t going to be viable in the end,” says Kelly.

Finally, it is important to establish SMART objectives for your optimization initiative and any key metrics of success. Make things specific, measurable, relevant, time-bound, and most importantly, achievable. This creates the ability to really engage with key stakeholders to ensure internal buy-in and alignment early in the process.

## **Step Two: Deconstruction**

Step two for Kelly and Mouton is the act of deconstruction. Once it becomes clear where you want to go with your benefits package, it becomes critical to get a granular understanding of its current state. This is ascertained by discerning the mix of benefits and programs that are in play and whether or not they’ve achieved even baseline competitiveness, as well as a baseline clinician experience.

From there the analysis pans outward at a macro level, examining the plan design elements of various programs within the package to assess competitiveness at that particular level.

Finally, a micro-level assessment is initiated to understand the provisions that make up all of the summary plan documents or the contracts governing these various programs.

## **Step Three: Measurement**

Once the benefit framework has been analyzed, step three is measurement, or as Kelly asserts, bumping all that granular understanding against the data.

“We lean on combinations of national data, from direct access to some of the largest available benchmarking data sets, proprietary data, as well as our institutional knowledge of employee benefits with the healthcare vertical to determine the competitiveness of a given program, any relevant permutations that might

be considered, the financial implications of said permutations, and then how the clinician might be impacted by any given change,” he says. “From there, we can really start to ask ourselves some important questions. What are your competitive advantages? Do those competitive advantages actually yield additional physician satisfaction or well-being? If they don’t, maybe they don’t create the advantage you’re looking for, and there’s an opportunity to reappropriate funds from that program to one that you care more about or your clinicians care more about. Where are your competitive vulnerabilities? Are there any gaps within your program or your suite that are going to impede your ability to attract the right kinds of talent? Are you appropriating budget dollars to programs that are not generating any value? Perhaps there are opportunities to harvest those dollars and reappropriate them elsewhere within your suite. And then, what changes can be made to align your suite with your strategic objectives?”

## **Step Four: Deliberation**

From the act of measurement comes step four: deliberation. This is where those heading the reevaluation reengage with essential stakeholders to discuss the results and implications of their analysis. It is where they make the business case for the new strategic investments that have been identified, recognize where alignment is gained, and make hard decisions to determine the viability and timing of something new.

## **Step Five: Execution**

Upon completion of these four stages, having unlocked the latent potential in your benefits package, the process then enters its final step: execution. Given the scope of this entire endeavor can be quite vast, Kelly argues that it is important to look at this body of work with a two-to-three-year time horizon.

“When a new program is rolled out, it is critical to develop a detailed project plan for all of those initiatives and those key milestones so that as you work interdependently within your organization, all of the various stakeholders continue to be aligned,” he says. “Communicating these plans and adjustments is absolutely critical. If your population doesn’t know that a change is coming and the why behind that change—especially if we’re tying this back to improving the clinician experience—then we’re losing massive opportunities to harvest return on investment. Listening is also key. How can you develop or refine your methods for soliciting feedback from population? Perhaps it’s satisfaction surveys, maybe it’s implanting key questions into your recruiting process or within your exit interviews. How can we get little data points on whether or not these adjustments are working for us?”

## The Approach in Action

Mouton explained that Colorado Permanente Medical Group (CPMG) successfully utilized these five steps in order to provide its physicians with competitive compensation and market-leading benefits as part of its total rewards philosophy. This meant providing its physicians the ability to save for retirement, create the right levels of income protection from financial hardship, and enable them to develop in their profession while also balancing their work and life activities. CPMG filtered its focus on budget neutrality, equitable benefits, and administrative efficiency.

“We determined that while our benefits suite as a whole was meeting our overall total rewards, philosophies, and objectives, the deconstruction phase showed us that there were areas of opportunity specific to our group life insurance and long-term disability benefits,” says Mouton.

Looking at what the organization’s competitive advantages were and their potential vulnerabilities, Mouton and his team were able to identify how they could drastically improve the overall coverage and make the administration more efficient.

“At the time, we had significant numbers of classes based on legacy groups, individuals who had been in the organization when certain provisions were in place, and then those that had changed, and we were able to move away from multiple classes down to just a handful that represented all of our population. From there, we were able to redesign the program in a way that allowed us to then benchmark or measure in the top quartile of our peer group with regard to plan provisions that were important for the segment. And then finally, we decided that the new design would allow us to help mitigate some coverage level inequities that we believed existed based on the group life insurance that was specific to tenure-based plans that didn’t necessarily represent what we were hoping to provide to all of our physicians providing patient care in our organization.”

Additionally, CPMG adjusted the carriers that they offered to further reduce the complexity and streamline coverages for long-term disability and added key plan provisions that were more favorable while actually reducing the overall premium, which in turn allowed them to offer a more robust income protection plan in their overall package.

Utilizing the five-step process, Kelly said, the organization was able to put downward pressure on its long-term benefit costs while reconfiguring two of its core employer-paid plans, shoring up the competitive vulnerabilities that existed, and leverage them to move to a richer benefit structure for its physicians, all while also appropriating budget dollars to make the overall change budget

neutral. All these changes resulted in increased income protection, improved financial well-being for its physicians, and better alignment with its total rewards philosophy.

Ending the presentation, Kelly concluded, “Health and welfare benefits play a key role in attracting and retaining top physician talent and improving that clinician experience. Improving that clinician experience ultimately is improved by improving clinician well-being, which is in turn going to impact

those other three pillars of the Quadruple Aim. Latent potential to move the needle on all of this likely exists within most total rewards constructs, and all it takes is these five steps to ultimately unlock that latent potential. And actualizing that potential can improve that clinician experience and an organization’s ability to attract and retain that top physician talent. So really, why is this work so important? Put simply, doing this work is impacting the health of our caregivers, which in turn impacts the health of our communities.”



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