

Compliance Today – March 2018

Regulatory compliance: Physician needs assessments are an integral step

By Tynan O. Kugler

Tynan O. Kugler (tkugler@pyapc.com) is a Principal at PYA, P.C., and is based in Atlanta, GA.

Hospitals have traditionally performed physician needs assessments (PNAs) or medical staff manpower studies to answer a series of questions related to local community healthcare requirements: What will the demand and need for physicians and advanced practice providers (APPs) be? What will the supply of physicians and APPs be? Is there a gap between demand and supply? If so, what do the studies suggest can be done?

PNAs typically involve identification of the hospital's Stark-defined service area^[1] and determination of the physician full-time equivalent supply and demand within that market to quantify overall physician need by specialty. Adjustments may be made to account for provider attrition, population health considerations, APPs, and hospital market share, among other considerations. Further, qualitative information shared by key stakeholders through executive interviews and/or physician practice surveys may be used to refine quantitative results.

From a compliance perspective, payment to recruited physicians and APPs — in a Stark-compliant manner^[2] — used to be a primary driver to complete PNAs. The constantly shifting environment of healthcare has propelled PNAs into a much more dynamic role. Though still used in large part for recruiting purposes, PNAs have expanded their footprint to become an integral part of a larger picture. They are now consistently interwoven with both commercial reasonableness (CR) opinions and fair market value (FMV) assessments.

PNAs alone are no longer sufficient in a recruitment exercise. Today, physician contracts must also be commercially reasonable, and meet Stark and other regulatory requirements for FMV. Market trends are furthering PNAs' role in strategic recruitment initiatives for hospitals and physician practices and may be used in tandem with CR and FMV.

To understand the evolving role that PNAs serve in today's markets, it is important to understand the underlying concepts that not only drive PNAs, but also are changing along with them. PNAs can be quite complicated; they require applying potentially imperfect ratios to an often-changing community of providers within a defined service area, but are generally driven by the laws of supply and demand.

This document is only available to members. Please [log in](#) or [become a member](#).

[Become a Member](#) [Login](#)