

# Demonstrating the True Value of Your Residency Program

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## Educational Objectives

- Recognize the vital importance of demonstrating program value to others
- List the steps necessary to define your program's financial margin
- Define the concept of downstream revenue and how it is measured
- List common sources of non-monetary contributions to institutions and communities

# Why Does This Matter?

## Our Thoughts

- Residencies are often “off to the side”
- Residencies require the support of others
- Residencies make many contributions to institutions and communities
- Ultimately, to receive support others must be aware of the program’s contributions

# The Goals of the Exercise

- Raise awareness of your program's contributions
- Articulate financial and non-financial benefits
  - Institution
  - Community
- Build crucial long-term relationships

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## Defining Program Benefit



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# What is benefit?

## Categories of Benefit

- Direct financial benefit
- Indirect financial benefit
- Institutional benefit
- Workforce development
- Community benefit

# Direct Financial Benefit

- Positive financial margin contributions
  - Facilitate stable cash flow (GME funding)
  - Add to the institutional bottom line
  - Meet budgetary expectations
- Downstream revenue
  - Average FP generates \$10,000,000 in annual healthcare revenue
  - An average of \$6 flows through a health system for every \$1 that enters through its residency program
  - That's \$30,000,000 per year for an average program!

Mostashari et al. JAMA 2014;311(18):1855-1856

Schneeweis et al. JAMA 1989;262(3):370-375

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# Indirect Financial Benefit

- Direct cost savings
  - More efficient, low cost care; shorter lengths of stay
  - Physician recruiting (estimated at \$50-\$100,000 per physician)
- Population health and QI
  - Residencies tend to be quality and population health focused
  - Teaching hospitals have been shown to have higher overall quality
- Market share growth
  - Residencies attract patients to institutions
  - Resident panels rarely close
  - Residencies are often primary site for care to underserved
- In system referral capture
  - Residencies tend to be loyal to their institutions

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# Institutional Benefit

- Direct service provision
  - Resident inpatient care, unassigned patients
  - Cardiac Arrest, Rapid Response coverage
- Institutional leadership
  - Faculty often lead institutional committees
- Prestige and more satisfied medical staff
- Innovation leaders
  - Idea incubator and test bed – “the laboratory”
  - Residencies as “test waffles” for new ideas
  - Residents are early technology adopters

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# Workforce Development

- Recruitment of residents directly into system
  - Low barrier to entry (know EHR, systems, and consultants)
  - Access to early incentives
- Retention of graduates in local area
  - Location of residency is best predictor of location of practice
- Presence of residents tends to attract specialists and other health professionals
- Medical students often meet institutions through residencies

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# Community Benefit

- Health care access for underserved populations
- Resident/Residency community service time
- Resident community needs assessment and projects (Milestones)
- Support for local programs
  - Head Start, homeless, schools

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## What do I do with this?



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# How would you use this information?

## Our Suggestions

- Your direct supervisor
  - Touch on the subject regularly
- Your Dean/President/CEO
- Your institutional Board of Directors
  - Annual exposure is recommended
- Your community
- Your local media
- Potential donors

# Building Relationships

- This is a crucial part of program stewardship
- Value conversations build relationships
- Long-term relationships with institutional and community leaders who appreciate your value are crucial both day-to-day and especially in times of crisis

**What have been your experiences?**

# Questions?

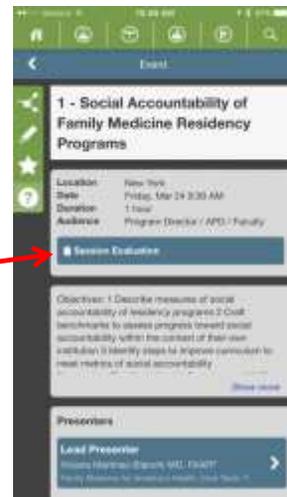
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Please...  
Complete the  
session evaluation.

Thank you.



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