

G2 Group Co-Management Model Overview



Service Line Co-Management – Overview

- A Physician Group or LLC enters into a Management Services Agreement (MSA) with a hospital to oversee and manage a specific specialty service line (e.g., cardiology, oncology, neurosurgery, orthopedics).
- Physicians serve as clinical leaders, aligning care delivery with hospital operations.
- A joint operating committee or institute typically guides the partnership, combining clinical expertise with administrative infrastructure.
- Common management functions include:
 - Appointment of clinical medical directors
 - Budget planning and strategic development
 - Care pathway optimization and throughput design
 - Clinical protocol development
 - Equipment and supply oversight
- An administrative manager may be embedded, reporting jointly to the Physician Group and hospital leadership.
- The hospital provides space, infrastructure, and support services (e.g., IT, analytics, marketing, HR) to facilitate operations.

Compensation Models

Base Compensation Components: Flat fee, hourly rate, or cost-plus model, or a hybrid approach.

Incentives/Performance Components: Pay-for-Performance (P4P) tied to quality metrics such as clinical outcomes, efficiency, utilization management, and patient experience.

Institute / Council / Management Company Model

The effectiveness of this model hinges on strong physician leadership and clear strategic direction.

Without defined goals and active participation, institutes tend to underperform, with limited physician engagement and poor alignment with service line objectives.

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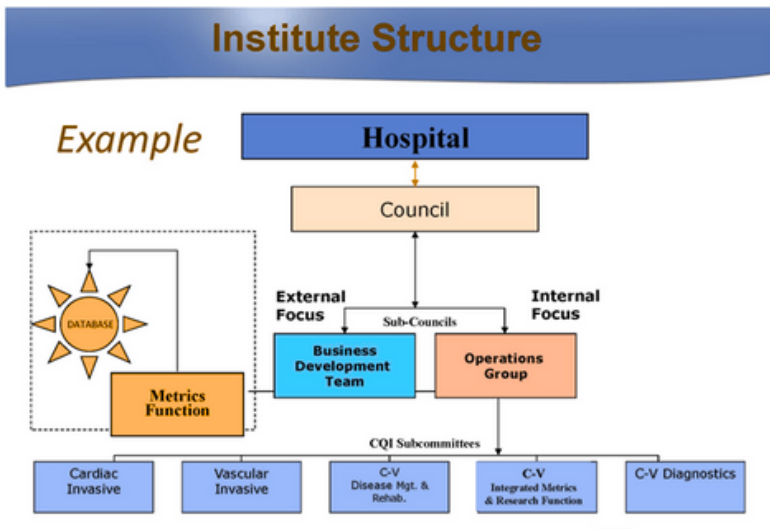
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Reasons for Pursuing Co-Management Structures

- Desire to Enhance the Quality of Services
- Control Costs and Increase Efficiency
- Support the investment of significant resources (ie, Heart Hospital)
- Need to provide new Services for the Community
- Improve Supervision of Staff and Equipment
- Enhance Recruitment of New Physicians

Basic Institute Service Line Co-Management Model Example

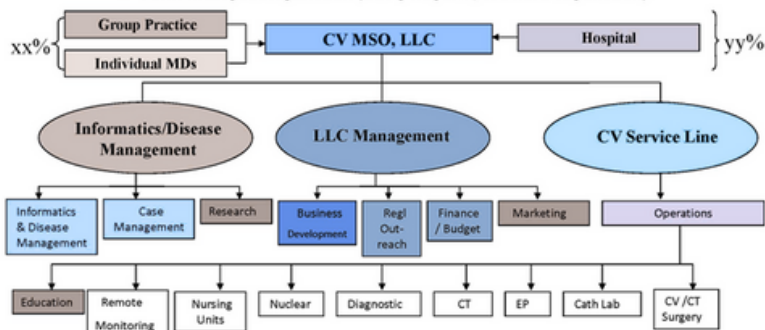


Sophisticated Service Line Co-Management Model Example

Service Line Management Company

Example

- ✓ The structure below evolved over years
- ✓ You don't come out of the gate with this level of sophistication
- ✓ Form must follow function (but if no form, it's hard to function)



Practice Partner Options - Professional Services

- Private Practice
- Personal Services Agreement (PSA)/ Lease
- PHO/PSO - Physician Hospital Organization/Physician Services Organization
- Employment
- Integrated Multi-Specialty Medical Group

Practice Partner Options – Technical Services

- Service Line Co-Management – One or more Hospital Locations
- Ancillary Management Company – Practice locations/Hospital locations
- Surgical or Interventional Procedure (Cath Lab) Management Company

Practice Partner Options – Facility Services

- Real Estate LLC or Contract
- Equipment LLC or Contract