



The Road Not Taken: Why We Don't Do wRVU Models

"Every compensation plan is perfectly designed to get the results it gets."

In *most* organizations, revamping or redesigning physician compensation is really code for tweaking an age-old wRVU approach to a different survey, different targeted percentile, or different calculation methodology. Survey-based wRVU models are by far the predominant physician compensation strategy in today's world. And we know why! They feel standard, compliant, and reliable. But the predominant strategy $\neq$ the *right* strategy.

The reality is wRVU models don't deliver the broader alignment that leaders need to be a high-performing medical group. Instead, they create an illusion of shared risk while very effectively distancing physicians from the organization's purpose, mission, values, and financial reality.

At Ancore, we believe there's a better way, and it starts with reimagining physician compensation that is fully aligned with your strategic goals *and* financial reality.

The Problem with Survey-Based wRVU Compensation Models

Survey-based wRVU models **create an illusion of shared risk**. While they appear to align physicians with revenue goals, the reality is very different: organizations carry the weight of revenue cycle performance, payer mix, inflation, and labor and supply costs, while physicians remain insulated from the forces that shape long-term financial sustainability.

Financial Misalignment

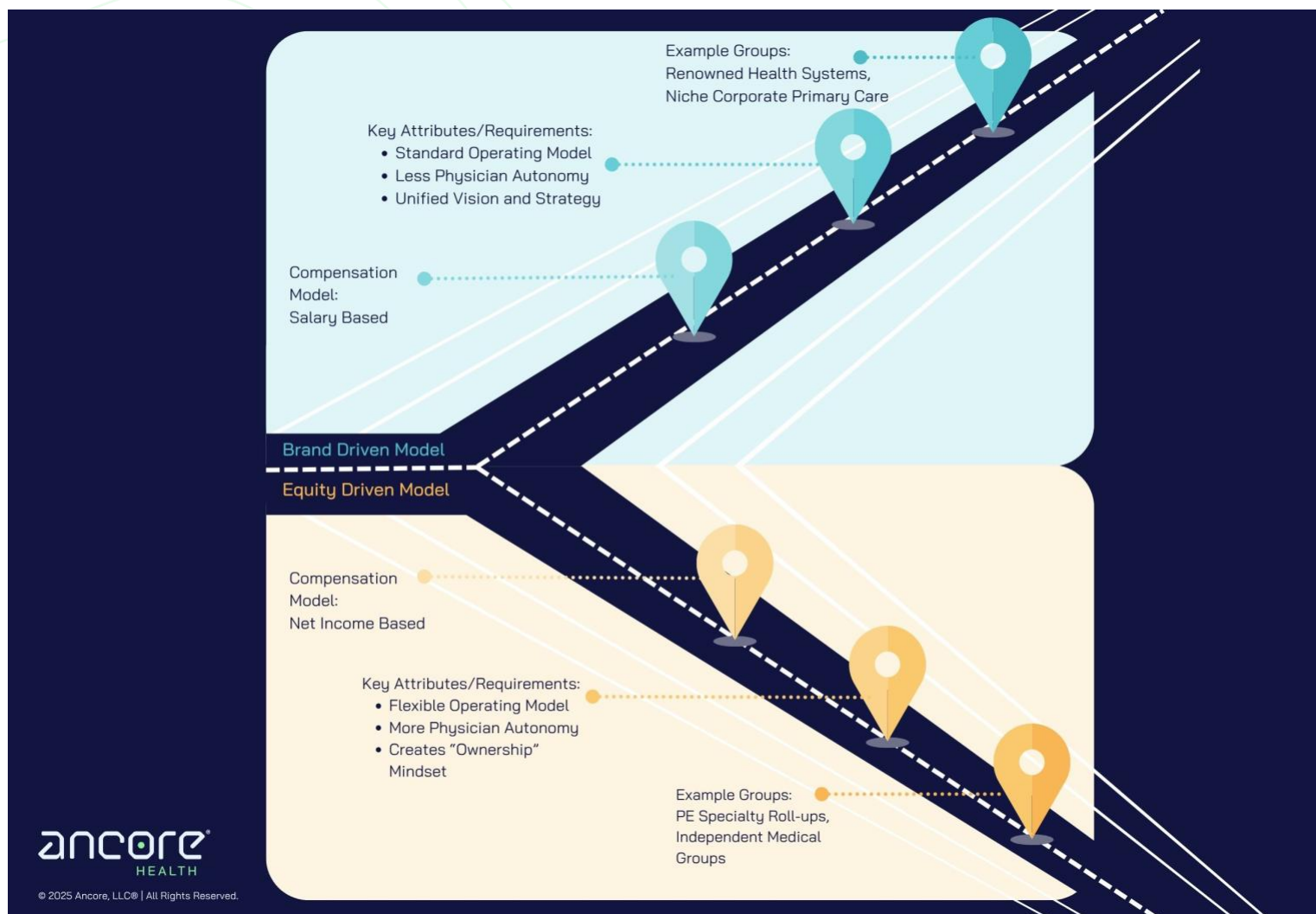
Not convinced of the financial misalignment? Look no further than the [33% decline in the CMS physician fee schedule since 2001](#) (adjusted for inflation), while physician compensation survey data has increased over the same period. Organizations are financially strained from years of having to stretch the dollar further, and if their only basis for physician compensation is survey data that's almost always on the rise, it's inherently unaffordable...

Strategic Misalignment

The double whammy for wRVU based physician compensation models is the absolute missed opportunity to align physician compensation with the mission, vision, and values of your organization. When pay is defined by external surveys and on a one-dimensional axis (i.e., volume), the organization is sending one clear signal: volume matters *most*. Physicians then see their compensation as transactional and portable, not as part of striving to achieve a shared vision.

The Two Roads Framework

When organizations choose to step away from survey-based wRVU models, they face two distinct paths forward: **Brand Driven Models** or **Equity Driven Models**. Both are viable, but each requires intentionality and alignment with your organization's culture.



Path 1: Brand Driven Models

In a brand driven model, physicians are typically compensated through a fixed salary or a salary-plus-incentive structure, often informed by surveys but deliberately aligned to organizational goals. The model depends on a standardized structure that prioritizes a unified vision and strategy, trading some degree of physician autonomy for consistency and alignment.

This approach is most often utilized in large, integrated health systems or niche corporate primary care groups where cohesion and stability are paramount. Its biggest advantage is

simplicity—it reduces administrative burden, mirrors the way executives are paid, and reinforces organizational culture and strategy.

Path 2: Equity Driven Models

An equity driven model takes a different approach: physicians' compensation is directly tied to the economics of the practice through approaches like a percentage of net collections or a net-income based model. This framework is flexible by design, offering greater autonomy, and cultivating an ownership mindset that turns physicians into true stakeholders in the business.

While it's most common among independent practices and PE specialty roll-ups – where entrepreneurial spirit and accountability drive success, we have successfully implemented variations of this model in large academic health systems and community medical groups where a tie to the economics represents a portion of comp. The benefit of these models is clear—risk and reward are balanced, allowing provider organizations to more easily adapt to regulatory or market changes and physicians to share in the upside when it's achieved.

Case Studies: From Theory to Practice

The shift away from survey-based wRVU models isn't just an idea – we've helped organizations of every size put it into practice. Each journey looks different depending on culture, strategy, and financial realities, but the results speak for themselves.

Explore these case studies that illustrate what happens when medical groups take the road less traveled:

- [**Reimagining Physician Compensation for Primary Care**](#) – How one medical group broke free from a wRVU trap that was fueling burnout and turnover, and rebuilt alignment through a brand-driven model.
- [**Bringing Clarity to Faculty Compensation**](#) – How one academic health system replaced inconsistent, one-off faculty agreements with a structured, transparent model that valued non-clinical time and strengthened collaboration between clinical and administrative leaders.
- [**Prescribing Change: Aligning Compensation and Financial Reality in an Independent Medical Group**](#) – How one multispecialty group facing unsustainable compensation aligned pay with their economics through an equity-driven model using specialty P&L pools and target margins, uncovering \$5M+ in operational gains.
- [**Joint Effort: A Collaborative Solution for Orthopedic Surgery Compensation**](#) – How one PE-backed orthopedic group rebuilt trust and accountability through an equity-driven model, uncovering \$900K+ in savings.

The Road to Alignment

"Two roads diverged in a wood..."

The well-worn path of conversion factor cuts and cultural misalignment, and the less traveled road that creates meaningful, lasting impact... which will your organization take?

We've walked both and can say with confidence: *the road less traveled makes all the difference on the journey to building and sustaining a high-performing medical group.*

Need a trusted partner to guide you down that road? Contact us.

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