

SUSTAINABLE, AFFORDABLE HOSPITAL MEDICINE PRACTICES



/// We take the risk to keep your costs consistent over time

With Sound Hospital Medicine, what you see is what you get.

Partnering with us means you can count on steady costs, with no surprise or unforeseen price hikes along the way.

Our goal is to bring sustainably affordable practice to you and your hospital — not just at the outset of our contract but throughout the life of our partnership. Our sustainability is attributable to our well-honed performance dexterity and financial discipline — in particular around labor costs and to the fact that we take on risk across all aspects of our practice, including with temp labor, clinical performance, clinician quality, payer collection, and fluctuation in volume.

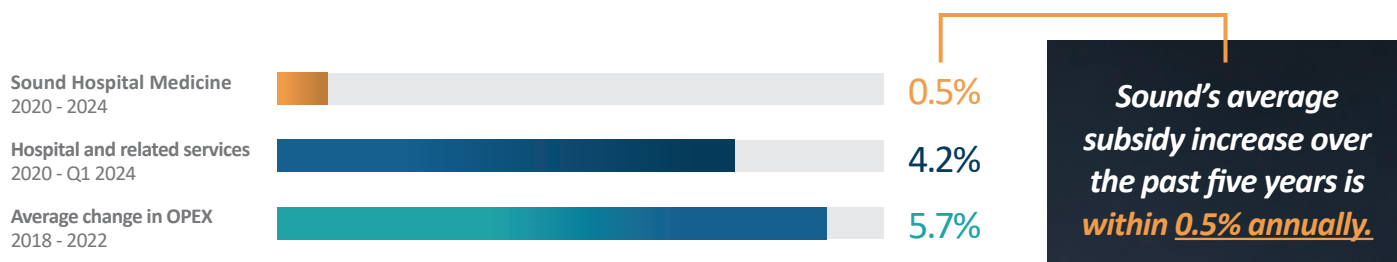


Our data tells the story

Our cost-consciousness and predictability are the result of our linear, leaner approach to building our practices.

In our analysis of cost stability among our mature hospital medicine programs over the past five years, our average subsidy increase is within .5 percent annually. In comparison, industry indexes increase on average 4.2 percent to 5.7 percent.

Figure 1. Annual average subsidy variance %
Sound Physicians vs. industry increases



KEEPING COSTS STABLE

We keep costs flat over the life of the contract. Here's how:

PREDICTABLE MODEL

- With more than 24 years of experience in building hospital medicine practices nationwide, we've learned how to design a practice model that meets your specific needs.



COMPENSATION TIED TO RESULTS

- Our physicians have more skin in the game when compensation is linked to productivity and quality incentives. Between 15 percent and 20 percent of our clinician compensation is tied to care quality and patient outcome metrics that are designed in partnership with your KPIs and clinical goals.



BETTER REVENUE CYCLE PROJECTION

- With our national scale and experience working with a variety of local, regional, and national payers, we're better at predicting the collections projections based on the volume and payer mix at your hospital.
- We integrate utilization management and advisory services into all our hospital medicine practices, which helps our hospitalist teams drive better patient status determination. By providing the right level of care for each patient, we avoid lost revenue for your hospital or health system at the time of admission.



LABOR COST OPTIMIZATION

- We carefully manage temp labor and tap into our internal pool of at-the-ready clinicians who can deploy to sites in transition and help ramp up the practice while we hire full-time, permanent team members. For those full-time clinicians, we're consistently recruited around 90 percent.
- Our turnover rate is 10 percent lower than the national average.



PREDICTABILITY IN PRACTICE

Not all contracts are created equal

We've seen it time and again: To win your business, a competitor promises a lower initial projected cost for your program. All things seemingly equal, why wouldn't you take the deal?

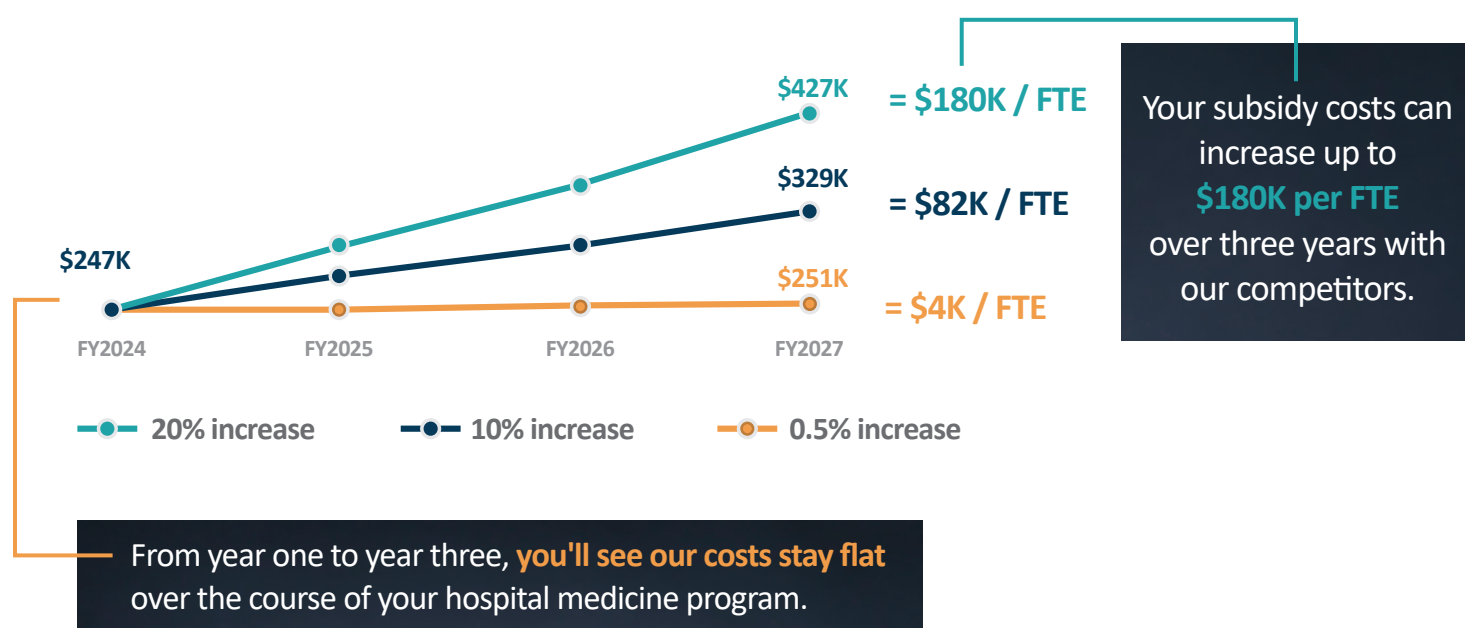
Because it's a kind of bait and switch that ultimately leaves you holding the bag — with potentially more cost than was initially projected.

Based on our analysis, we see that while our competitors' initial program costs appear affordable, you're likely to incur surprise and unforeseen expenses across the life of the contract that easily put your total cost over that initial projection: Our competitors demonstrate as much as a 20 percent increase, on average, for a three-year contract cycle.

In our experience, with any new programs, the first two years of a contract are crucial, as this is when most cost increases happen.

- When we compare our initial projected costs of programs within the first two years after going live, our costs are in line with the subsidy in our original agreement.
- Our hospital partners see predictability over the first two years against the original agreement, with variability only if volume grows or the staffing model changes.

Figure 2. Subsidy/FTE annual increases
Sound Physicians vs. competitor increases



A FAIR COMPARISON

What to look for when comparing contracts

If you're looking to contract with a new hospital medicine group, you'll likely see some cost variation across proposals. But before you sign off on the one that seems like the best deal, we recommend doing a fair comparison and your due diligence. Here's a checklist to guide a true apples-to-apples comparison:

Always ask to see:

- Subsidy/encounter
- Matching volume/encounters
- Total compensation, benefits details

Look for the risk-to-benefit ratio:

Is your prospective medical group partner taking risk on:

- Retention
- Turnover
- Quality metrics
- Revenue projections
- Temp labor

Does the contract include:

- Transition costs (buyouts, training and development fees)
- Temp labor protection
- Recruiting fees arrangements
- The list of services included in the program management fee

Look at costs associated with individual line items:

- Physician compensation and benefits
- Malpractice
- Staffing model/mix
- Payer collections
- Comparing just the total cost might not provide a full picture

Sound Hospital Medicine ranks high on customer satisfaction

We're not just consistent on cost. We're also consistent on customer satisfaction. Sound Hospital Medicine's Net Promoter Score for 2024 was 57, up 9.9 points from 2023, and Sound overall reached an all-time high with an NPS score of 62.

We also improved our satisfaction scores, with an 8.3 out of 10 on the value our partners receive from us relative to their investment, and an 8.75 out of 10 for being an accountable partner who understands their business.

The feedback we receive from our partners is valuable in validating what we're doing right and giving us insights into how we continuously improve.

57

2024 NPS Score

8.3/10

are satisfied with the value they receive relative to their investment in Sound (2024)

8.8/10

are satisfied with Sound as an accountable partner who understands their business (2024)

For more insights or to explore a partnership,
reach out to Mihir Patel, CEO for Sound Hospital Medicine,
at mihir.patel@soundphysicians.com.