Creating a mutually beneficial relationship with physicians

Developing a reciprocal agreement with doctors can be a daunting task for health systems

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Health systems face the daunting challenge of deciding which customer group (payer, consumer, patient, or physician) needs attention on any given day. Each group has different expectations, needs, and issues. With regard to the physician relationship, most health systems have a strategy and structure for working with physicians, but accountability for the relationship is typically fragmented.

At times, the approach is like a revolving door with different people at different levels, each dealing with the issue in a different way. For example, if an organization is working to increase cardiac procedures, decision makers may assume that adding another surgeon will increase the volume. But in reality, current surgeons might begin taking business elsewhere because it has become difficult to get on the operating room schedule; or the primary care physicians may refer to another hospital or provider because of longer wait times to gain appointments for their patients. Often, operational issues are not understood in terms of the types of impact they have on referrals. It is important for each manager to consider his or her role in working with the medical staff and referring physician base in terms of how it might be affecting the overall success of the organization.

As a result, health systems are pursuing a variety of strategies, including partnerships, clinical integration, unwinding of the ownership model, or offers of practice management services, marketing support, or assistance with new physician recruitment. Whatever the chosen course, clear methods and approaches for communication and referral development are critical components.

As a first step in developing a focused physician initiative, health systems should examine their current approach to managing physician relations. They should begin by addressing these questions:

- **What is the health system's current relationship with the medical staff and its referring physician base?** Measures should be established to ensure an honest evaluation of the current relationship, and applied across the board. A key measure is the number of inpatient and outpatient referrals. Have their volumes trended down over the past two years? Are the physicians involved with committees? Does the group offer feedback? Has the group been offered and has it accepted hospital support in the past 12 months? Although some of these data are soft, they are all telling. The results should be discussed by all the individuals closely involved with physicians; the findings can be a wake-up call. (See Table 1 for a checklist of issues to consider.)

- **What does the health system want or need from the medical staff and its referring physician base?** The health system should determine the types of business relationships that it wants to have with the physicians, including contractual, referral, and working relationships. If the health system already employs physicians, is it interested in adding others? How should the health system work with groups that affiliate with other healthcare providers? Is the system willing to alienate some referral sources to gain increased commitment from other physicians? Once the numbers are tallied, the focus of the plan has been established for the health system.

Checklist for Developing Physician Initiatives

- What is the organization's strategy for working with physicians?
- Who makes the physician strategy decisions?
- Is it a formal process?
- Is there a forecast of referral expectations by physician, by clinical service line, etc.?
- How is the strategy defined and measured?
- How frequently is it reviewed and updated?
- Is it the same person for all types of decisions? If not, who does what when?
- Evaluate strategies and results for the past two years. Are the same physicians benefiting from a large number of strategies?
- Who implements the physician strategy initiatives?
- How many people from the hospital (outside the clinical areas) does the physician need to work with to gather information or seek solutions?
- Look at past medical staff plans and requests. How many requests surfaced, and how they were managed?
- Is anyone working proactively with the physicians?
- Has there been turnover in the position(s) responsible for physician communication?
- Is the accountable person's income tied to success of the physician strategy?

- **What does the medical staff and referring physician base need?** Physicians generally believe that if they practice good medicine, a good income is assured. Complex systems for control and disbursement of the dollars challenge every provider. Beyond the dollars, however, security may be a key issue for physicians. Older physicians may long for more freedom in practice. When groups back away from the table, issues beyond money often drive that decision.

If the needs assessment indicates there is vulnerability, the organization's agenda may not match the underlying issues of the physicians. It is important to assess current goals, market opportunities, and internal political considerations before moving forward. This process involves a business analysis of how the organization wants to work with its medical staff and referring physician base. The outcome of this process should be a clearly defined tactical plan with specific expectations and measures.

Issues of implementation

Analysis of current physician relationships has led many health systems to adopt a focused method of looking at how they interact with the physician as a customer.

One example is the University of Texas M.D. Anderson Cancer Center in Houston. The organization is cognizant of the primary physician's role in the referral process for cancer patients. As a result, its physician relations program plays an important role in communication, education, service to the physicians, and referral management. Many healthcare organizations are creating functions and hiring physician relations staff to work with targeted physicians proactively. These physician representatives are revenue-accountable and customer-driven, and provide trackable, measurable results plus competitive intelligence for the health system.

Through the physician representatives, senior management's ideas can be tested, interaction is personal, and solutions are offered to the physician. The approach does not presume that the organization already knows what physicians want to hear. Importantly, communication is enhanced; new information is gathered and shared. It gives the organization a means of exploring opportunities to develop and expand referral relationships. Each physician has a point person and a face for the organization. Contrast this with the challenge of working with someone different for each issue or clinical area. Although the representatives cannot he experts in all issues, they are the front-line for hospital-physician communication, and know where to find the answers.

By giving physicians a central contact and offering additional communication, representatives will increase referrals and position specialists who admit to the organization. Results are achieved through systematic planning to identify the referral patterns of current and new physicians. Representatives may regularly call on these physicians and their offices to learn more about their needs and possible practice weaknesses, and to focus on the organization's points of difference. Representatives regularly bring in the hospital's physician specialists to meet with the referring physician and position attendance at CME programs or grand rounds.

For the strategy to succeed, physician representatives must accurately target the

physicians who offer increased referral potential. They must develop a clear sales message based on the physician's needs paired with the organization's strengths in meeting those needs, work closely with planning and finance to analyze the current market data, and maintain the support of administration and the clinical service leaders.

Because the key responsibility of the position is to increase revenue and volume, finance needs to establish a baseline. Planning forecasts and past statistics can be used to predict what should be possible to achieve. The recommended model does not focus on problem solving. The representative, however, will hear issues that should be addressed, thereby alerting senior management to areas of concern. The organization thus benefits from solving problems before they reach the crisis stage and the physician is waiting for the CEO to complain about the problem.

Each organization is looking for different outcomes from a physician relations approach. While the majority want increased referrals, some organizations hope to manage the leakage; others want to maintain their current market share. Whatever the expectation, it is important to track results to evaluate the overall success of the strategy. Accountability for results is a critical component. The representatives may be great implementers, yet lack the analytical skill required to forecast, trend, and evaluate the financial implications. A team composed of planning, finance, information technology, and the sales leadership, therefore, should develop and update the means for tracking results.

Building an impressive physician referral program

The impressive 20% increase in physician referrals to University of Texas M.D. Anderson Cancer Center (see sidebar, "Case study of a successful physician relations program") can be replicated. Each hospital or health system must clearly define its expectations and then develop the internal structure, strategy, and approach to accomplish its goals. Using a sales-oriented approach, a physician representative can promote the benefits of the organization while asking physicians for the opportunity to earn their business. A physician representative's effectiveness, however, ultimately depends on the health system's clear definition of and level of commitment to the physician relations strategy. Soundly designed and supported strategies offer health systems a significant potential for returns from a formidable customer group.

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CASE STUDY OF A SUCCESSFUL

PHYSICIAN RELATIONS PROGRAM

The University of Texas M.D. Anderson Cancer Center obtained impressive results with its physician relations program.

The program recognizes the role of the community physician in determining where a patient seeks cancer services. Core aspects of the program's approach include providing superior customer service, supporting referral needs, coordinating community continuing medical education programming, and promoting the faculty, staff, and unique clinical capabilities of the M.D. Anderson Cancer Center.

During 1997, the physician relations field staff was expanded from two to four FTEs; currently these four physician relations coordinators visit physician offices and make phone contacts within Texas and western Louisiana. In 1999, an office-based physician relations specialist was added to provide clinical expertise to support promotion of M.D. Anderson's clinical research activities, make contacts with referring physicians nationwide, and support referral assistance and issue resolution. From 1997 to fiscal year end 2000, overall community physician referrals to M.D. Anderson Cancer Center have increased by 20.2%.

The M.D. Anderson Faculty Speakers Bureau is key in promoting interaction between M.D. Anderson faculty and community physicians. In addition, the bureau offers local hospitals a resource for oncology-related presentations with CME accreditation. The physician relations program works closely with CME coordinators at the local hospitals and assists with scheduling based on the needs and interest at the local level. During fiscal year 2000, 86 community CME presentations were coordinated, with total attendance of 1,625 medical professionals and clinical staff. Without doubt, increased awareness is key in creating referral relationships.

The leadership team at M.D. Anderson had the additional goal of ensuring that community physicians were satisfied with the organization's referral process. During fiscal years 1998 and 1999, a process was initiated to gather feedback on the value community physicians place on the relationships with the physician relations coordinators. Surveyed referring physicians consistently indicated that the physician relations coordinator program is an important component of their relationship with the M.D. Anderson Cancer Center. In a physician research study conducted in 1998, approximately 63% of referring physicians rated the program as absolutely essential or essential, while an additional 26% said the program was an important factor in the overall referral decision process.