

## The Task At Hand: Physician Relationships

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This article appeared in The Healthcare Strategist in the April, 1998 issue.

Professionals who have spent their careers in healthcare are familiar with the unwritten rules of hospital-physician relationships. Current physician strategy is driven by many of these rules. For example, physicians are the first to assert, "The hospital should not get involved in decisions of patient care." Hospital wisdom conversely forces the statement, "Most physicians aren't very good at business decisions." In the past decade, new unwritten rules for health system-physician relationships have emerged. Most notably, "Physician's who are employed aren't willing to work hard." To the outsider it must seem a bit odd that the groups work together, yet do not partner well. Business initiatives are often at the core of relationship tension. Tough decisions made over the last five years have heightened the disparity. Practice ownership, practice management and joint ventures have forced new relationships. Many of these partnerships are purely business based, rather than out of mutual respect or trust. Hospitals were nervous about market share and physicians were nervous about security within the private practice model. A wise physician once told me, "Everything is fine until you mess with income." There is no doubt that the dollars in healthcare are on everyone's minds. The complexity of who controls the dollars and how they will be disbursed heightens an already insecure system. Those who stand to lose most are the providers.

Today's most innovative health systems have recognized that a new strategic approach is needed. It would be naive to assume there is a "quick fix" to more than a decade of issues. However, new strategies may contribute to communication and referrals within 90 days of initiation. Long term there can be significant changes replacing the current "rules of the road."

### **Systematic Approach**

What is working within the today's physician-hospital organizational structure? Any process begins with an honest examination of what is and should be in place.

### **The Current Process**

Determine how current physician strategy considerations are being made. Consider who is making the decisions. Sometimes there are several leaders involved in narrowly defined strategies each calling on the same physician.

Track strategies and results over the last two years to determine your system's patterns. Judge whether these endeavors have been proactive or reactive. Determine if the same physicians benefit from a large percentage of these strategies.

Evaluate the findings and reports from liaisons and physician managers. Look at past medical staff plans and requests. Honestly evaluate how many requests surfaced, how many were fulfilled and how these needs were met.

While subjective, the inspection is telling. It is reflective of the system in place for managing physician needs and wants, the communication process and perceptions of what the system should be providing.

The top leadership has generally guided physician strategy. While experts in global thinking, they may not consider the infrastructure required to support the day to day details of physician strategy.

The set of basic activities can be quickly assessed using the model below. Evaluate who is responsible in your organization. The sample model below is not indicative of what should be.

The internal analysis can be a humbling experience. While there are often a multitude of ideas, the continuity for implementation may be undefined. The analysis will highlight the vulnerabilities and allow a clean slate to move forward. Once the history is understood, a new roadmap can be defined.

<b>Sample Model: Physician Strategy Accountabilities</b>		
<i><b>Initiative</b></i>	<i><b>Administration Responsibility</b></i>	<i><b>Management/Implementers Responsibility</b></i>
Establish the plan	X	
Target and do "big deals"	X	
Coordinate the process		?
Collect information		X
Forecast expectations	?	?
Measure outcomes	?	?
Determine business objective	?	?
Select alternatives	X	
Integrate plans	?	?
Evaluate the effectiveness	X	X
Implement day to day activities		X

### **Developing the Plan**

Successful health systems have used a systematic approach to design, develop and enhance physician strategy. There are nine fundamental steps in this approach. Taken in order, they allow the health system to give physician strategy the focus it deserves, increase the efficiency of the efforts and give back measurable and accountable results.

Assess the current internal culture.

- Internal willingness to change
- Perceptions of current physician strategy
- Ability to manage ineffective physicians and leadership
- Referral and admission status (the dollars).

Evaluate the physician climate within the community.

- Physician recruitment, access to quality physicians
- Competition in the market, percentage of owned practices
- Market share trends
- Clear identification of differential advantages for physicians by system

Analyze the options for change. Looking at the internal and external environment and what will be successful long- and short-term.

- Practice ownership expansion, joint ventures, partnerships with key physicians
- Structures to assure two-way communication
- Measurable expectations for enhancing referrals from key physicians
- Leadership development for physicians
- Opportunities to attract new physicians and additional referrals for the system

Select the options which are in con-cert with the health systems' mission and vision.

- Decisions to own, partner or establish new clinics
- Community perceptions of the hospital/health system

Confirm the long-term goal and define the larger strategies that will be required to move this process forward.

- Decisions to change acquisition strategy require significant time and energy; these should be "pulled out" and dealt with separately
- The organization can move forward with tactical planning for enhanced communication and referral development separately

Include internal structural decisions.

- Define the most effective structure to optimize outcomes
- Complete a structure audit to determine the type of people needed, how to measure their impact, how they will be compensated and who will supervise the process

Develop short-term goals and strategies with measurable, accountable decision points and process.

- Consistent tactical approach offering physicians a mechanism for solutions
- Consistent tactical approach assuring the health system has a defined process for managing physician relationships, service offerings and measurable outcomes

Evaluate and delineate the budgeted resources, structures, technology, people and compensation systems.

- Dollars for this strategy should be centralized to determine total costs and revenue generated
- Assessments will need to be completed to determine job structure; recruitment needs and establish performance standards

Commit to designing the plan, implementing the plan and evaluating the plan. Strategy will fall short if there is not commitment to working the plan long-term.

- Commit to ongoing evaluation.
- Determine objective criteria monitoring trends in revenue, communication and time efficiency
- Establish criteria expectations at the onset, determine how the criteria will be measured, set the frequency of evaluation and decide how changes will be implemented

### **The Game Plan**

These steps become the “game plan” for moving forward. Focus shifts to providing a framework for business decisions as they relate to the physician strategy. Each system will face issues unique to their own market however; there are four issues that will likely appear for most progressive health systems.

#### **Issue #1: Leadership Turf**

For many organizations, physicians are held in high esteem. As a result, the priority of these relationships is assumed by the decision makers. It is a fact that someone has to own and be accountable for the relationship or they won't get all the attention they need. Leadership is often guilty. Upper management needs to work with leaders to support communication and position new opportunities within a system. A representative can work as an agent for the administrative team to position the health system's status, offer enhanced relationship opportunities and communicate. The representative needs the support of leadership in order to offer effective solutions and effect change.

#### **Issue #2: The Price is Out of Control**

Physician initiatives are not without a price tag. Practice acquisitions and purchases have been costly for many hospitals and health systems. Much of the “cost without gain” attitude is currently experienced by practice purchasers who were following market behavior. The belief was that the expenses would be off set by the gains in this new relationship. Beyond the dollars to “do the deal,” expectations weren't delineated. Rather than using a strategic process to determine future direction, acquisitions were often made because of competitive threats. Regard-less, the physician strategy requires either a reallocation of resources or new resources. The need to move forward must be clearly identified.

#### **Issue #3: There is No Time to Plan**

While true long range planning is at best a misnomer, the strategies embraced have long term repercussions. This needs to be recognized and managed. Hospitals and health systems have become known for the company they keep and the strategies they deliver. Think of your market. Do you label systems or groups by their management style? For example, “They buy practices,” or “They rely on the ‘big group’ for primary “care referrals.” Once your pattern is established, it becomes both expensive and difficult to change. Cost, time and efficiency are lost when strategies keep changing and new messages are communicated to the marketplace. Changing the course requires significant internal resources and time.

#### **Issue #4: The Internal Sale**

The decision to embark on a new strategy necessarily impacts a multiplicity of functions within the health system. While a “silo mentality” is alive and well within many health system departments, the physicians impact crosses many boundaries. Coordination is essential.

Assumptive behavior takes a huge toll because internal communication and buy-in is not given the attention it needs. In 1998, the challenge in moving forward with physician strategy is that much of the health systems' leadership feels that they have done their part to develop and "do for" the physician. There is limited trust and even less understanding. Poor profitability and incomplete expectations are evident. Objectivity is required to step forward. Tools can be used to remove the emotion from the process including, structure audits, medical staff development planning. As we move forward with physician strategy, several benefits surface from the use of a defined approach:

- The process of internal and external analysis identifies issues before there is an implosion of implementation problems.
- Group-based strategic decisions are likely to reflect the best available alternatives.
- Implementation will improve through better understanding of the process required.
- Communication will focus on achievable results.
- Measured accountability will guide the momentum for strategy enhancement and redesign.

A positive relationship with physicians is the goal. Defined strategies provide a methodology for defining and measuring mutual gain. Innovative health systems are developing proactive approaches. Looking to the future there will be significant challenges in the business of healthcare. Physicians, hospitals and health systems will be more effective in they can work together.



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