Involving Physicians in Strategic Planning: A Risky Proposition or a Winning Strategy
Overview of Today’s Presentation

- Importance of Physician Involvement in Strategic Planning
- Techniques Available to Facilitate Involvement
- Lessons Learned from Recent Experiences
Physician Relationships: An Ongoing Concern
The Hospital View

- One of top 3 issues reported in ACHE survey
- Most difficult aspect of building a delivery system
- Most significant barrier to clinical integration
- Major obstacle to organizational change
The Challenges of Working Together

- **Lack of physician support**: most significant barrier to clinical integration
- **Physician inertia to change**: major obstacle to organizational integration
- **Distrust**: between system and physicians as major obstacle to organizational integration
- **Aligning with physicians**: most difficult aspect of building an Integrated Delivery System

Source: Arista Associates IDS Survey 2001
Is this provider on your medical staff?
The Physicians View

- Don’t trust Hospitals to make the right decisions in dealing with MDs
- Don’t think Hospitals work to meet MDs’ business needs
- Don’t accept constructive input from MDs
- Don’t provide MDs with a good understanding of key issues
“WE HAVE A SYMBIOTIC RELATIONSHIP.
HE CLEANS MY TEETH; THEN I EAT HIM.”
# The “Theory of the Business” for Health Care Providers

<table>
<thead>
<tr>
<th>Physician Practices</th>
<th>Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small, frequent transactions</td>
<td>Large, infrequent transactions</td>
</tr>
<tr>
<td>Small market area</td>
<td>Extensive geographic market</td>
</tr>
<tr>
<td>“Mature” services</td>
<td>Diverse services</td>
</tr>
<tr>
<td>Little explicit differentiation among competitors</td>
<td>Significant differentiation among competitors</td>
</tr>
<tr>
<td>Limited economies of scale</td>
<td>Some economies of scale</td>
</tr>
<tr>
<td>Little marketing</td>
<td>Extensive marketing</td>
</tr>
<tr>
<td>Cash-based business</td>
<td>Accrual-based business</td>
</tr>
<tr>
<td>Ownership = management</td>
<td>Management distinct from ownership</td>
</tr>
<tr>
<td>Few policies and procedures</td>
<td>Complex operating structure</td>
</tr>
<tr>
<td>Episodic, reactive planning</td>
<td>Long-term, strategic focus</td>
</tr>
</tbody>
</table>

**Sources:**
Physician-System Relationships

Physician Perceived Degree of Control

<table>
<thead>
<tr>
<th>HIGH</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy, Productive Relationship</td>
<td>Vendor Relationship</td>
</tr>
<tr>
<td>Dictating Relationship</td>
<td>Resentful Bondage Relationship</td>
</tr>
</tbody>
</table>

Physician Level of Trust in the System

The Trust Equation

\[ T = \frac{C + R + I}{S} \]

Where:

- \( T = \) Trustworthiness
- \( C = \) Credibility
- \( R = \) Reliability
- \( I = \) Intimacy
- \( S = \) Self-orientation

Developing Trust

Expressed in their simplest form, the five stages are:

1. Engage
2. Listen
3. Frame
4. Envision
5. Commit

Source: The Trusted Advisor, Maister, Green, and Galford, The Free Press, 2000
Another Look

1. **Engage:** Uses language of interest or concern
   “I’ve been thinking about your offices, and…”

2. **Listen:** Uses language of understanding and empathy
   “Tell me more about…”

3. **Frame:** Uses language of perspective and candor
   “I see three key themes emerging here…”

4. **Envision:** Uses language of possibility
   “Wouldn’t it be great if…”

5. **Commit:** Uses language of joint exploration
   “What would it take, for each of us, to…”

The Strategic Planning Process - A Major Opportunity

- Surveys
- Interviews
- Focus Groups
- Work Groups/ Advisory Committee
- Planning Retreats
- Planning Committee
The Strategic Planning Process - Survey Findings

- Surveys: 63%
- Interviews: 38%
- Focus Groups: 0%
- Work Groups/ Advisory Committee: 38%
- Planning Retreats: 38%
- Planning Committee: 25%
Challenges

- Confidentiality
- Trust
- Availability
- Expectations
- Vision
Physician Involvement in Strategy

A St. Vincent Hospital Case Study
St. Vincent Overview

- 240+ licensed beds; 180+ staffed beds
- Oldest hospital in New Mexico
  - Part of the community since 1865
- One of the busiest ERs in the state
  - 60,000+ visits per year
- Broad service area covering huge geographic area
- Slight operating loss and/or break even for more than 6 years
- Sole Community Provider
- 200+ members of medical staff
Situation with Medical Staff

- 2002, and into early 2003
  - Fractured staff; very few organized medical groups of 5 or more
  - Significant dissatisfaction with hospital administration
    - Perceived lack of commitment, follow-up on the part of administration
    - Perception of operational inefficiency
    - Poor or non-existent communications
  - Several small groups have pulled profitable services out of the hospital and into their offices (Ophthalmology, ENT, Radiation Oncology)
  - Physician-owned urgent care centers now compete for hospital ER/Fast track visits
  - A new competing hospital that has several local Primary Care Partners has announced that it will break ground soon
    - Uncertain if the financing has been lined up
Frustration Reached A Peak

- Group of Physicians Demanded to take their issues to the Board
- Board passed a resolution directing management to involve physicians in the hospital’s future and strategy in a more meaningful way
The PSLG was “born”

- Physician Strategic Leadership Group
  - 25 providers from all key specialty areas
  - MEC and other physician leaders, including several of those who went to the Board, provided nominations for membership to the committee
  - Board Chairman, and key St. Vincent administrators were also participating including the CEO, CMO, COO, CFO, CIO. Other Board members participated in specific meetings.
  - St. Vincent VP of Planning, Marketing & Business Development served as facilitator for the meetings
Summary of Situation going into this planning cycle

- Issues Physicians Raised
  - No trust
  - No belief that Administration or Board will follow up on commitments
  - Concerns expressed with weak management
  - Perception that the hospital is not a good partner; doesn’t listen
  - Uncertainty about hospital’s ability to compete
  - Lack of clarity about the “chain of command”

- Don’t trust Hospitals to make the right decisions in dealing with MDs
- Don’t think Hospitals work to meet MDs business needs
- Don’t accept constructive input from MDs
- Don’t provide MDs with a good understanding of key issues
PSLG Charter

- Developed within St. Vincent but modified and approved by the group at their first meeting (Late July 03).
- Agreed to meet every two weeks, for two hours in the evening, to prepare for a joint Board-Administration-Physician planning meeting in November.
PSLG Charter

Purpose: To provide the SVH Medical Staff with a voice in the future direction of SVH which will best serve the population of Northern New Mexico and its physicians in the provision of high quality, coordinated health care.
Specific goals identified in Charter

- Recommend a communication process between the hospital and the medical staff that assures improved information flow.

- Determine the best mechanism for ongoing feedback and follow up of physician identified operational and planning issues.

- Outline the role of SVH in joint ventures, partnerships and in the operation and administration of physician practices.

- Review medical staff development plan and recommend policies to financially support medical staff members and programs to promote medical staff leadership development.

- Provide an understanding of SVH finances and structure that can be communicated to the general Medical Staff of SVH.
Agendas were to accomplish goals set in the charter

- Physicians voted for a chair
- Facilitator worked with the PSLG chair, CEO and Board Chair to develop agendas that would accomplish these objectives
- Physicians requested / recommended a stipend for participation
  - Ultimately, the majority of physician’s agreed to donate their stipend back to a charity
Meetings Produced a Recommendations Document from the PSLG to Administration & Board

- Key Areas of Recommendations were
  - Operational Issues
  - Communications
  - Leadership Development
  - Community Needs
  - SVH Hiring of Physicians & Recruitment
  - Partnership Principles
  - Primary Care Strategy
  - PSLG-Committee Recommendations
Recommendation Area #1
Operational Issues

- Advertise & follow up on MD-problem resolution
- Reestablish IT committee
- Involve physicians in key decisions
- Keep existing committees focused & on-task
- Use section and department meetings more effectively
- Report finances to PSLG/by service line, if possible
Recommendation Area #2
Communications

- Continue PSLG as part of the solution
- Consider dedicated MD dining room
- Survey medical staff on regular basis
- Establish more (informal) meetings with CEO, CMO and COO
- General increased CEO and COO visibility
- Medical staff should get regular financial reports
Recommendation Area #3
Leadership Development

- Physicians need and want training
- Leadership commitments need to be valued and compensated
- Classes could be required for docs in leadership positions, but should be available to any interested provider
- Consider mentorship program for key physician leaders
- MDs and Hospital should work together on key political/legislative issues
- Would like a commitment from the Board to the physician development program (e.g. funds won’t be pulled)
- Interested in training in the following areas: conflict management, communication, finance, leadership skills, business basics, market basics, practice management
Recommendation Area #4
Community Needs

- MDs need input into community needs assessment
- Community assessment done by an independent third party
- Need a system for introducing new docs to the community—announcements that include bios and photos; social events; mentors
- When evaluating service expansion, consider impact on other areas
Recommendation Area #5
Physician Employment & Recruitment

- Hospital should hire physicians if there is a need and local practices unwilling/unable
- Productivity based pay
- A broader group should be involved in the recruitment
- PSLG should have a role in determining who is recruited to the market
- Recruitment process needs to reach out to UNM residents
Recommendation Area #6
Partnership Principles

- Determine how to support docs from an administrative perspective
- Partnerships should have a common vision/mission but also support community need
- New partnerships must consider impact on existing partners
- PSLG would like to see more hospital-sponsored projects
- Both sides need “skin in the game”
Recommendation Area #7
Primary Care Strategy

- Support hospital’s “shoring-up” of primary care infrastructure
- Deal with specialty/primary care resource allocation issues
Recommendation Area #8
PSLG Committee

- Continue the committee in a more self-directed role
- Emphasis on focused, defined strategic issues
- Some involvement in profitability and operational issues
- Meet 4-6 X per year
- Should be objectives and outcomes measurements
- Subcommittee structure to deal with specific topics on an as-needed basis
- Self-perpetuating with a nominating process for membership
Recommendation Area #8
PSLG Committee

- Help monitor strategic plan and serve as a monitoring body
- Have cross-membership with MEC
- PSLG members should serve on the planning committee
- Additional Board members should be pulled from this group
- Get more physicians involved in the Foundation
- Committee wants some “direct links” to the Board
How did physician’s rate the experience?

<table>
<thead>
<tr>
<th>Item</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings run professionally</td>
<td>4.73</td>
</tr>
<tr>
<td>Meeting reminders timely/helpful</td>
<td>4.38</td>
</tr>
<tr>
<td>Objectives were outlined at the outset</td>
<td>4.43</td>
</tr>
<tr>
<td>PSLG met its original objectives</td>
<td>3.63</td>
</tr>
<tr>
<td>(Effectiveness still TBD)</td>
<td></td>
</tr>
<tr>
<td>PSLG is a good vehicle for improving communication</td>
<td>4.31</td>
</tr>
<tr>
<td>PSLG members worked well together</td>
<td>4.0</td>
</tr>
<tr>
<td>PSLG helped me understand the hospital’s challenges</td>
<td>4.2</td>
</tr>
<tr>
<td>PSLG is worthwhile and should continue</td>
<td>4.29</td>
</tr>
<tr>
<td>PSLG can help in my leadership development</td>
<td>3.67</td>
</tr>
<tr>
<td>PSLG can be a vehicle to identify leaders</td>
<td>4.2</td>
</tr>
<tr>
<td>PSLG shows hospital is interested in MD involvement</td>
<td>4.13</td>
</tr>
<tr>
<td>PSLG can be a positive contributor to the planning process</td>
<td>4.2</td>
</tr>
<tr>
<td>PSLG was a positive experience for me</td>
<td>4.0</td>
</tr>
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The next steps

- Joint meeting in November with the Board, the Administration and the PSLG went well
  - Focus on “small projects” to help rebuild trust
- 5 PSLG members have agreed to participate in the Board’s Planning Committee who will develop and produce the strategic plan; First meeting in January 04
- Some PSLG members have submitted their names for 2 additional Board seats that are being made available to Medical Staff members
- Virtually all recommendations are in various stages of implementation
Lessons Learned

- Physicians *will* participate if they feel their time is being well spent.
- The time spent together was far more valuable than any “product” of the discussions.
- **PSLG recommended** that the group continue and not stop with the final retreat.
- *Spirited conversations* often produced the best ideas/recommendations.
- Don’t dwell on past issues, but don’t ignore them either:
  - Kept charter focused on strategic issues
  - Group identified how the group was different and would interface with traditional medical staff groups (MEC)
    - Several “crossover” members
- Provide a nice dinner, nice venue for the meetings.
Concluding Comments

- Engaging physicians is essential to long term success.
- It is possible to start repairing even significantly damaged relationships.
- Establishing trust is a first step to engaging physicians.
- Strategic planning provides a great forum for physician involvement.
Questions

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