Medical Staff Relations: Aligning for Success

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Principal,
New Heights Group
September 30, 2010
Agenda

• Why Align?
• Trust is the key
• Alignment challenges
• Panelist comments
• Discussion
Positioning for Reform

- Achieve solid hospital-physician (clinical) alignment
- Measure, report and deliver superior outcomes
- Attain a favorable cost position
- Strategic alliances
Why do Physicians Want to Align with Hospitals?

- Increasing Government regulation
- Growing capital requirements
- Declining reimbursement
- Shifting power toward payers
- Skyrocketing malpractice rates
- Growing consumer demands
- Move towards transparency
- Lifestyle concerns
“If I had the chance again, I would become a lawyer.”

-Anonymous Physician
Quality Demands
Price Transparency
Decreasing Reimbursement
Rising Costs
Increased Competition

PEACEFUL COEXISTENCE

FRAGMENTED RELATIONSHIPS

TRUE PARTNERSHIPS

FULLY INTEGRATED
## Market Dynamics Changing How We Align with Physicians

<table>
<thead>
<tr>
<th>Payment approach</th>
<th>Volume Based</th>
<th>Performance Based</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Settings</strong></td>
<td>Hospital</td>
<td>Integrated services, IP and OP</td>
</tr>
<tr>
<td><strong>Record keeping</strong></td>
<td>Paper</td>
<td>Electronic</td>
</tr>
<tr>
<td><strong>Treatment approaches</strong></td>
<td>One sizes fits all</td>
<td>Personalized medicine</td>
</tr>
</tbody>
</table>
Alignment still comes down to building relationships with physicians. The foundation that you have to have is to develop a trusting relationship....

- John Gillean, MD
Sr. Vice President
CHRISTUS Health
The Trust Equation

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

Where:

\[ T = \text{Trustworthiness} \quad C = \text{Credibility} \]
\[ R = \text{Reliability} \quad I = \text{Intimacy} \]
\[ S = \text{Self-orientation} \]

Credibility

• Tell the truth - as much as possible
• Don’t exaggerate
• Speak with expression - show energy around subject
• Admit it when you don’t know
• Relax
• Do your homework
Reliability

We experience a sense of reliability from FedEx:

- When we get first-ring responses on their 800 number
- When the voice mail interface is as painless as possible
- When the associate answering the phone is knowledgeable and energetic
- From the consistent look and feel of their packaging
- From the way the zip-strip always tears off the same way
- From the consistent paint jobs on the trucks
- From the uniforms that distinguish them from other carriers
- From the easy-to-use and accurate “tracking” system
- From the fact that the driver turnover rate is low
- From the driver consistently leaving your package in the same place

Source: The Trusted Advisor, Galford, Green, and Maister, The Free Press, 2000
"We have a symbiotic relationship. He cleans my teeth; then I eat him."
"When I say play the game, Perkins, I mean my game."
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

Here’s another way of looking at the five stages:

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

2. Listen: Uses language of understanding and empathy
   “Tell me more about…”
   “What’s behind that?”
   “Gosh, that must feel…”

3. Frame: Uses language of perspective and candor
   “I see three key themes emerging here…”
   “You know, what’s tough to do here is…”

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…”

Source: The Trusted Advisor, Galford, Green, and Maister, The Free Press, 2000
Physician-System Relationships

Challenge with physicians is developing the balance of trust in the hospital and their feeling of control over the outcome.

Physician Level of Trust in the System

<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 Perceived Degree of Control

Rules of Engagement

1. Document all interactions and distribute this to all parties after each meeting. This will minimize miscommunication and misunderstandings.
2. Establish a schedule and stick to it. Moving in a timely fashion communicates to the physicians that the System is serious and committed.
3. Evaluate opportunities and potential partners consistently. Consistency is important to avoid the perception of “favoritism”.
4. Develop an exit strategy for all parties in every undertaking to provide a means to “opt out” should the relationship not meet expectations.
5. Manage expectations. These should be clearly stated at the beginning and reinforced throughout the process. If there are parameters to the relationship, these should be stated up front to avoid getting off track in the discussions.
6. Keep the process and relationship structure as simple as needed to achieve the business objective.
7. Respect the confidential nature of a physician’s proprietary business plan.
8. Identify the person authorized to be spokesperson for each group and—if appropriate—the basis for the authorization.
Where’s the Risk?

Strategy Development, Due Diligence → Negotiation, Closing → Orientation, Integration
You have to have a strategy, not something you hope for, but something you work for.

Floyd Loop, MD
Key Components of a Strategy

- Expectations
- Governance/Leadership
- Compensation
- Practice Management
Successful Alignment Strategies

- Clarify objectives
- Develop a shared vision
- Understand what motivates physicians
- Recognize the disparate “theories of the business”
- Offer a broad array of consistent incentives
- Identify and cultivate physician leaders
- Determine performance measures
Where’s the Risk?

Strategy Development, Due Diligence

Negotiation, Closing

Orientation, Integration
First Impressions Count: Physician Priorities

1. Response of hospital administration
2. Administration deals with changes
3. Confidence in hospital administration
4. Communication with hospital administration

## Cost to Recruit

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First year guarantee/salary</td>
<td>$250,000</td>
</tr>
<tr>
<td>Benefits</td>
<td>50,000</td>
</tr>
<tr>
<td>Recruiters fees</td>
<td>25,000</td>
</tr>
<tr>
<td>Candidate sourcing</td>
<td>8,000</td>
</tr>
<tr>
<td>Candidate/spouse interviews</td>
<td>5,000</td>
</tr>
<tr>
<td>Relocation expense</td>
<td>8,000</td>
</tr>
<tr>
<td>Practice marketing</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$349,000</strong></td>
</tr>
</tbody>
</table>

Source: Merritt Hawkins & Associates
Cost to Replace

- Financial consequences
  - Recruitment expenses
  - Lost revenue
- Effects on patient satisfaction
- Effects on the organization
- Effects on public relations

The Devil is in the Details

- Term
- Duties & Performance
- Licenses
- Salary
- Benefits
- Vacation & PTO
- Expense Reimbursement
- Malpractice Insurance
- Acceptance of Patients
- Ownership of Records
- Non-compete
- Non-solicit
- Termination
Where’s the Risk?

- Strategy Development, Due Diligence
- Negotiation, Closing
- Orientation, Integration
Physician Transition Guide

• Orienting
• Mentoring
• Monitoring
Orienting:
Employee Checklist

- ID Badge
- Parking Sticker
- TB Fit Testing
- TB Screening
- Mailbox location
- Medical Staff Library location
- Hospital policies & procedures
Orienting:
Hospital Leaders

- Senior Management Team
- Medical Staff Leaders
- Departmental Leaders
- Key Committees
Orienting:
Information Systems

• Available Clinical & Specialty Applications
• Access Codes and Passwords
• Requesting Support & Services
Everything should be made as simple as possible, but not simpler.

- Albert Einstein
Mentoring

- The Merriam-Webster Dictionary defines a mentor as "a trusted counselor or guide."
- The Anesthesiology Department of Cleveland’s MetroHealth System defines mentor as "a wise, loyal advisor or coach."
Mentoring @John Muir

- “Local” mentor
- “Leadership” mentor
- Social activities
Monitoring

- Productivity
  - WRVUS
  - Clinic Revenue Growth
- Quality
  - Clinical Indicators
- Patient satisfaction
  - Satisfaction Surveys
- Professional growth.
  - CMEs
## Physician Integration Checklist

<table>
<thead>
<tr>
<th>Medical staff relations - <strong>SCORE 7 FOR EACH</strong></th>
<th>Fill in Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong, effective Medical Executive Committee</td>
<td></td>
</tr>
<tr>
<td>Cooperative relationship between medical staff and</td>
<td></td>
</tr>
<tr>
<td>Cooperative relationship among medical staff</td>
<td></td>
</tr>
<tr>
<td>Effective communications with Medical Staff</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Physician involvement in governing board membership - <strong>SCORE 6 FOR</strong></th>
<th>Fill in Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physicians &gt; 20% of system governing board membership</td>
<td></td>
</tr>
<tr>
<td>Significant, stable physician presence in senior management</td>
<td></td>
</tr>
<tr>
<td>Effective interdisciplinary operating committees (e.g., surgical)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Availability of integration options - <strong>SCORE 6 FOR EACH</strong></th>
<th>Fill in Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple ways for physicians to connect with system</td>
<td></td>
</tr>
<tr>
<td>Options tailored to market, physician culture</td>
<td></td>
</tr>
<tr>
<td>Demonstrated success in previous initiatives</td>
<td></td>
</tr>
</tbody>
</table>
# Physician Integration Checklist

<table>
<thead>
<tr>
<th>Fill in Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aligned economic incentives - SCORE 5 FOR EACH</strong></td>
</tr>
<tr>
<td>Physicians financially at-risk for some system</td>
</tr>
<tr>
<td>Compensation of employed physicians tied to own</td>
</tr>
<tr>
<td>Unified medical staff across operating units - SCORE 5 FOR</td>
</tr>
<tr>
<td>Unified policies and procedures (e.g., credentialing,</td>
</tr>
<tr>
<td>Functioning medical management system - SCORE 5 FOR</td>
</tr>
<tr>
<td>State-of-the-art program for managing care</td>
</tr>
<tr>
<td>Mechanisms for managing at-risk contracts</td>
</tr>
<tr>
<td>Medical management system led by physicians</td>
</tr>
</tbody>
</table>

**TOTAL**

### Key

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Key</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 40</td>
<td>Time to rethink approach</td>
</tr>
<tr>
<td>40-79</td>
<td>Good, work, but room for improvement</td>
</tr>
<tr>
<td>80+</td>
<td>Congratulations! You’ve got a winning formula</td>
</tr>
</tbody>
</table>
Putting it all Together
“My excitement is to have found a place that works for me....It is absolutely acceptable to make choices between money and time, between work and family. And the career growth I am experiencing is really interwoven with the personal growth I'm feeling.”

~ Tanya Threewitt, MD, Family Practice

John Muir Medical Group
Panelist Comments

- John Lucas, MD - CEO
  Cheyenne Regional Medical Center
- Dan Reiner, FACHE - CEO
  Community Health Center of Central Wyoming
Questions & Comments
Contact

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