

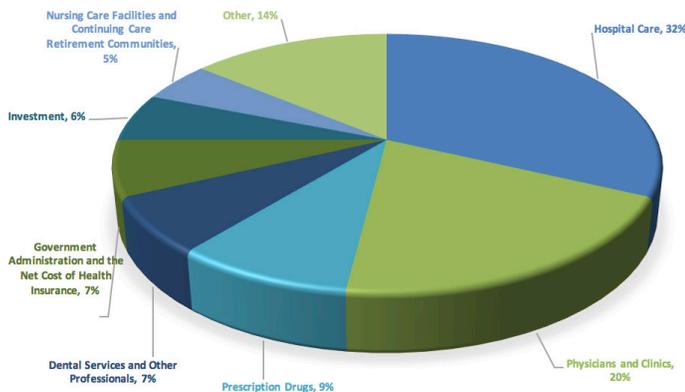


Ten Keys to Enhancing Physician/Hospital Relations and Reducing Physician Turnover: A Guide for Hospital Leaders





As the chart below indicates, physician and hospital services account for over half of the \$3 trillion that is spent on health care in the United States each year.



Though physicians and hospitals are separated in the chart as distinct entities, their worlds often intersect and, at times, collide. This continues to be true even though it is generally conceded that physician/hospital integration and collaboration, often referred to as “physician alignment,” is a key component of health care reform.

Regardless of where particular hospitals are along the “physician alignment continuum,” enhancing physician relations remains a key strategic objective. In addition, given the proliferation of the physician employment model, turnover among hospital, medical group, and other health care facility staff is likely to increase. That turnover comes at a high cost to hospitals. According to data firm SK&A, the annual physician relocation rate alone is 12 percent, with some specialties considerably higher than the average.

Following are ten methods by which health care facilities can maintain and enhance physician relations and foster physician alignment and physician retention.

1. Understand the Value Physicians Bring

Despite the proliferation and increased importance of other types of clinicians, physicians remain at the center of the health care system. They handle some 1.2 billion office-based, inpatient, and emergency department encounters a year, according to the Centers for Disease Control and Prevention (CDC). When not directly admitting, diagnosing, or operating on patients, they often oversee the treatment plans carried out by other professionals. From a quality of

care perspective, physicians are indispensable.

In addition, physicians remain the drivers of healthcare economics. Physicians direct 87 percent of personal spending on healthcare in the United States, according to the Boston University School of Public Health, and generate \$1.6 trillion in economic activity. According to Merritt Hawkins’ 2016 Physician Inpatient/Outpatient Revenue Survey, each physician generates an average of \$1.56 million in revenue annually for his or her affiliated hospital.

Whether generating revenue through volume-based activities in a fee-for-service market, or by coordinating and managing both quality of care and costs in a fee-for-value market, physicians determine the economic health of the hospitals with which they are affiliated. Most doctors understand the central role they play both clinically and economically and resent it when that role is not acknowledged.

2. Consider the Physician’s Perspective

In discussions about physician/hospital relations, it is commonly observed that the interactions of hospital leaders and physicians are made more complex by differing perspectives. Nevertheless, it remains true that some hospital executives do not fully appreciate the practice environment physicians function in today, the stress many physicians are under, and how they are responding to it. In particular, it is important to consider the continued disengagement of many doctors from the mechanisms of health care reform, including quality-based payments, hospital employment, accountable care organizations, and electronic health records.

Insights into the current mindset of physicians are revealed by one of the largest physician surveys conducted in the United States, the 2016 Survey of America’s Physicians: Practice Patterns and Perspectives, conducted by Merritt Hawkins on behalf of The Physicians Foundation. It will come as no surprise to those who interact with them that many doctors are frustrated and dissatisfied with the current state of the medical profession.

The primary reasons physicians cite for their dissatisfaction are regulatory/paperwork burdens and loss of clinical autonomy. What is of more consequence than their general disaffection from medicine is that many physician plan to change their practice patterns in ways that will reduce patient access to their services.



Physician Practice Plans in the Next 1-3 Years (more than one answer possible)

Retire	14.4%
Cut back on hours	21.4%
Switch to concierge	8.8%
Work locum tenens	11.5%
Cut back on patients	7.5%
Seek a non-clinical job	13.5%
Work part-time	9.8%
Seek hospital employment	6.3%

Source: A Survey of America's Physicians, Practice Patterns and Perspectives

As these numbers indicate, many physicians plan to retire, cut-back on hours worked or patients seen, seek non-clinical roles, or retire from medicine altogether. Hospital executives must consider that a significant number of physicians will be seeking to disengage from clinical roles unless their practice circumstances change for the better. Physician retention programs and physician liaison services will be even more important to organizational success than they have been in the past.

3. Communicate a Vision

As the Survey of America's Physicians indicates, many doctors are concerned about the future of health care and their place in it. To ensure positive physician relations, hospital executives will need to express their vision to physicians about the future direction of their facilities. The key is to delineate where the facility will be along the continuum between traditional fee-for-service and the integrated, value-driven model.

The vision statement also may include how the facility intends to build its medical staff – whether through recruitment of new doctors, through the acquisition of practices already in the community, or through some combination of the two.

Clearly articulating a vision removes uncertainty and promotes the retention of physicians likely to buy-into the direction the facility is heading. When developing an organizational vision, it is important to solicit physician opinions and allow physicians to have a direct influence on the direction the organization will take.

4. Seek Input

Hospitals should develop a formal survey for seeking input from physicians regarding their practice patterns, how they rate hospital services and management, their practice needs and their concerns. The content of the medical staff survey may vary depending on a variety of factors, including the hospital's size and its relationship with its physicians.

It should be noted that the key to physician engagement surveys is not merely to conduct them. Hospital leaders must demonstrate they have responded to physician input and that specific actions were taken to address physician concerns.

5. Recruit and Retain

The physician recruiting process can be a foundation on which positive physician relations rests or it can undermine the relationship physicians have with hospitals. Problems created or compounded by physician recruiting practices arise in two areas. The first is an insufficiently detailed or accurate practice opportunity presentation. The majority of these details should be communicated during the candidate screening process, before the physicians arrives for the on-site interview.

A second consideration is that recruiting new physicians can alienate those already practicing in the service area, unless the recruiting effort is based on an objective, data-driven need for additional doctors. A community needs assessment plan can help convince staff physicians that new doctors are needed and that they do not need to feel threatened by potential competition.

6. Add Physician Leaders

Physicians traditionally have achieved leadership roles in hospitals through board memberships, medical directorships, and committee assignments. These leadership roles have allowed physicians to have influence over the patient care issues which of are most importance to them.

However, the role of physician leaders is magnified in the era of health reform as they are viewed as the key change agents needed to implement the transition from the fee-for-service delivery model to the value-based model. If physicians of all types are going to be evaluated and paid on their adherence to evidence-based treatment protocols and to quality metrics, they expect that these protocols and metrics will be defined by their fellow doctors.



A growing number of hospitals and health systems are seeking physician CEOs or are creating new titles such as Chief Transition Officers to ensure physician leaders have the authority they need to implement change. It therefore is in the hospital's best interest to incorporate multiple avenues by which physicians can evolve as leaders, including mentoring and future leadership programs, and to encourage their participation in governance and administrative issues.

7. Employ the Physician

Among the various alternatives physicians have to traditional private practice – including part-time practice, concierge medicine, non-clinical practice, and locum tenens – the one they are most frequently embracing is hospital employment. In 2004, only 11 percent of Merritt Hawkins recruiting assignments featured employment of the physician by a hospital. In 2017, the number stands at about 50 percent. Physicians are embracing employment as a safe harbor from the financial uncertainty, regulatory burdens, and reimbursement challenges of private practice.

However, the majority of physicians do not see hospital employment of doctors as a means of enhancing care or reducing costs. Even many physicians who are themselves employed by hospitals are dubious about the benefits of the employed model and can be considered reluctant participants. From the hospital perspective, employing physicians does not equal alignment. However, the employed model can promote physician alignment and positive physician relations when employment leads to a more positive practice environment for physicians and when physicians perceive that they are not just cogs in the corporate wheel.

8. Create a Positive Workplace

Some practices are more appealing than others, not necessarily because they are located by a beach or near the mountains, but because they feature a practice style and a work environment tailored to what doctors today prefer. Hospitals cannot control the fact that they are not close to an ocean, but they can control the quality of the medical practice workplace environment they are offering.

The “primacy of the workplace” may be the most important factor to consider when seeking to enhance physician/hospital relations. First and foremost, physicians want a safe, efficient place to treat their patients, one in which they can focus on what they were trained to do. For hospitals that cannot create positive working conditions

for physicians, physician disengagement and turnover are inevitable.

Following are some ways to maintain a premier physician environment:

- Efficient patient admissions and release.
- Appropriate equipment.
- Quality medical staff.
- Efficient her.
- Pay for ED call.
- Hospitalist program.
- Gain Sharing/Joint Ventures.
- Appropriate nurse staffing
- Timely test turnaround.
- Consistent OR availability
- Enhanced ER triage.
- Flexible scheduling.
- Convenient parking.

Physicians who leave their practices at the end of the day satisfied that they have provided quality care to their patients and that they have utilized their training to the best of their ability look forward to coming to work the next day.

9. Offer Clear, Competitive, Fair Compensation

Today, there are a variety of sources that track physician earnings, including physician starting salaries, rather than total physician compensation, average signing bonuses, relocation allowances, continuing medical education allowances and other incentives used to recruit physicians.

Physicians are aware of these data sources and usually have a fairly accurate view of what is competitive in their specialty. Hospitals seeking to maintain or enhance physician relations should offer physicians income in the range of what is competitive to ensure they feel valued and do not seek opportunities elsewhere.

10. Continually Communicate

Several years ago, a neurologist was recruited to a growing group practice. When contacted some months later to see how he was fitting in with the group, we were informed that he was leaving because the group had not yet put his name on the door or on other signage, and he therefore assumed he was not wanted. A simple lapse in communication almost caused this group to lose a good doctor.



GOVERNANCE THOUGHT LEADERSHIP SERIES

This anecdote illustrates the importance of continual communication with the medical staff, and the hazards of assuming physicians have received a message when it has not been explicitly stated.

Physician communication should be both:

- Formal, through regular medical staff surveys; and
- Informal, through regular contact in the physicians' lounge, at lunch, in the operating room, or at informal gatherings such as "pizza conferences" or "ice cream conferences."

This concept is best encapsulated in a quote from a health system CEO that further reiterates the importance of communicating with staff physicians: "When you need the goodwill of physicians, it is too late to create it. My advice is get ahead of the competition by having a really good relationship with your doctors."

There is a lot to keep up with in health care. Texas Healthcare Trustees is here to help our members, trustees of hospitals and health care systems throughout Texas, with resources that will help to stay up-to-date on important information that can impact how they lead their organization. THT's Governance Thought Leadership Series is one of many resources THT has available for health care board members. To learn more about this series and to view other tools and resources available, visit www.tht.org.



Established in 1987, Merritt Hawkins is the leading physician search and consulting firm in

the United States and is a company of AMN Healthcare (NYSE: AMN), the largest health care workforce solutions organization in the nation. Merritt Hawkins' provides physician and advanced practitioner recruiting services to hospitals, medical groups, community health centers, telehealth providers and many other types of entities nationwide. The thought leader in our industry, Merritt Hawkins produces a series of surveys, white papers, books, and speaking presentations internally and also produces

research and thought leadership for third parties. Organizations for which Merritt Hawkins has completed research and analysis projects include The Physicians Foundation, the Indian Health Service, Trinity University, the American Academy of Physician Assistants, the Association of Academic Surgical Administrators, and the North Texas Regional Extension Center.

Interested in providing content for THT's Governance Thought Leadership Series? Contact Heather Parsons, vice president of development at hparsons@tha.org or visit www.tht.org.

Opinions expressed in this publication do not necessarily reflect official policy of THT.