

# HS&S Strategy OUTLOOK

2006 Volume Nine, Number Four

## Physician-Hospital Relationships: Lessons from a National Survey

In the summer of 2006, Health Strategies & Solutions, in collaboration with the Catholic Health Association (CHA), published *Catholic Healthscan 2006: A National Survey of the State of Physician-Hospital Relationships*, a report detailing the findings of a national survey of the state of physician-hospital relationships at CHA member organizations. The survey gauged current perspectives on the most pressing issues facing physicians and impacting their relationships with health care organizations. The report examines the survey findings and provides insights on strategies that should be considered to strengthen physician-hospital ties and ultimately better serve community health care needs. While the survey included only CHA member organizations, many survey findings and lessons are applicable to many hospitals, systems, and physicians.

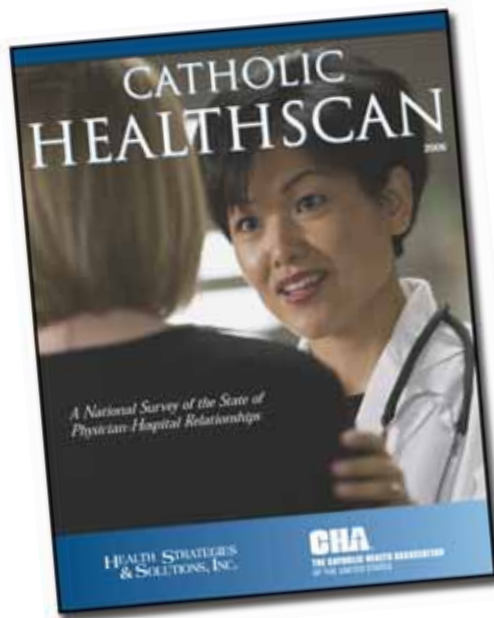
### Survey Details

The survey was comprised of 23 statements, with respondents asked to express their level of agreement or disagreement with the statement. HS&S and CHA evaluated the responses of 130 hospital and physician executives and categorized responses according to respondent's position within the health care organization, geographic region, and type of organization.

### Key Survey Findings

Many consistent themes emerged during the analysis of the survey results. The most important of these findings were:

- The strongest level of agreement among all survey questions was exhibited for this statement: hospitals must forge more cooperative and collaborative relationships with physicians to ensure the viability of the health care delivery



system; 105 of the 130 survey respondents strongly agreed with this statement.

- Declining incomes and rising expenses were cited as the most pressing concern facing physicians by 99 of the 130 survey respondents.
- Just over 55 percent of survey respondents report that physician initiatives that are in direct competition with their hospital or system are threatening the viability of their organization
- Over 66 percent of survey respondents indicate that physicians on their medical staff are experiencing declining job satisfaction.
- According to over 64 percent of the survey respondents, shortages of physicians are affecting the ability of their hospital and system to meet community health needs.
- Almost 87 percent of survey respondents either agreed or strongly agreed that

their hospital or system is maintaining a positive working relationship with the medical staff; however, only 59 percent of respondents reported that physicians on the medical staff at their hospital or system feel a strong sense of loyalty to the hospital or system

- Only 53 respondents agreed that pay-for-performance systems are a viable approach for addressing quality and reimbursement concerns.
- Hospitalists are a viable option for improving the quality of care according to 100 of the survey respondents.
- The issue of payment for all routine call coverage generated substantial disagreement among survey respondents; 103 respondents indicated that they disagreed or strongly disagreed with routine call coverage pay for all physicians.
- Slightly over half of the survey respondents perceive that their hospital or system has physician-friendly systems for scheduling and medical records; only 80 of the 130 respondents agreed that their hospital or system has acceptable turnaround time in their ORs.
- Hospital-sponsored physician outreach programs are considered effective at identifying and addressing physician concerns at slightly over half of the respondents' hospitals or systems.

### Challenges Ahead: Calls to Action

There is certainly evidence among the survey results that more effort is being devoted to hospital relationships and positive outcomes are being realized. But maintaining positive physician-hospital relationships is becoming more and more difficult as the health care delivery system

continued on next page

struggles with declining reimbursement, increased demand, physician and nursing shortages, and aging facilities. So what calls to action are needed to ensure that health care organizations and physicians move beyond the observation and passive discussion phase into planning and execution of activities that produce sustainable and beneficial change?

1. Health care organizations must be willing to work with physicians to mitigate the effects of declining incomes and rising expenses. Find ways to compromise on ancillary services revenue and seek opportunities to backfill whatever hospital services are lost by adding other revenue-generating services. Consider the wide

range of joint ventures that can provide financial benefits for hospitals and physicians, while providing a platform for collaboration.

2. Declining job satisfaction among physicians is pervasive and troubling. But the situation presents enormous opportunities for hospitals to help alleviate some of the regulatory burdens on physicians, impose less bureaucracy on their medical staffs, analyze the role of hospitalists, and ensure that pay-for-performance systems and call coverage practices are fair to physicians—all efforts that can increase job satisfaction and strengthen physician loyalty.

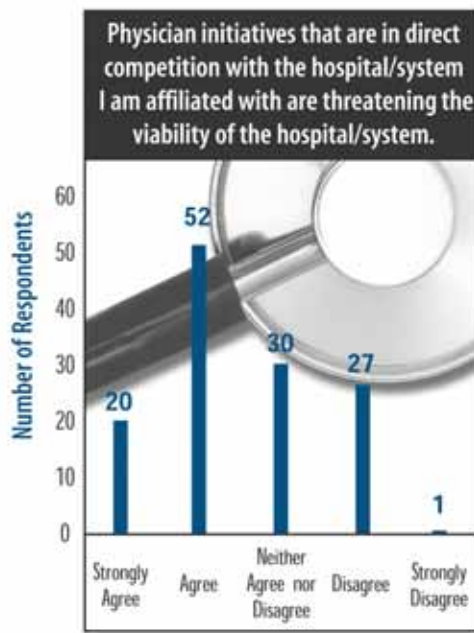
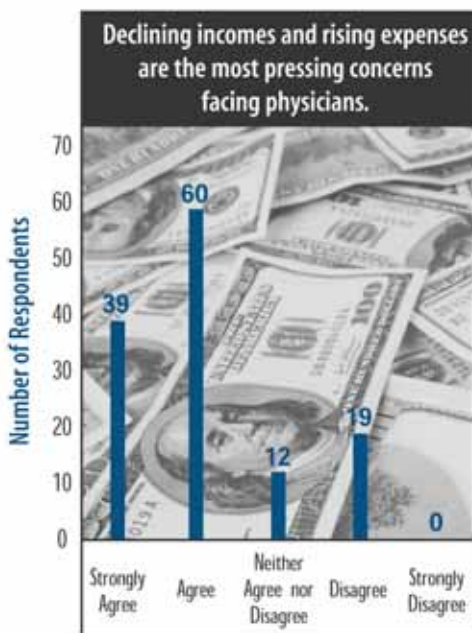
3. Physician shortages, while undoubtedly a negative or even dire circumstance, can present an opportunity for physicians and health care organizations to come to the table to discuss an area of mutual concern and then prepare a medical staff development plan that provides a roadmap for managing this challenge in the future.

4. How many of the negative interactions between hospitals and physicians can be distilled down to poorly managed communication and failure to involve physicians in discussions that they should be included in? Commit to keeping your physicians informed through retreats, meetings, newsletters, electronic communication, and executive walkarounds.

5. Physician-friendly scheduling systems, fast OR turnaround times, and high-quality nurses rank at the top of physicians' wish lists and are the key determinants of the level of loyalty physicians feel toward a hospital or system. Health care organizations that are committed to having happy docs, will dedicate substantial resources toward ensuring that the physician experience within the hospital is exceptional.

The CHA/Health Strategies & Solutions survey provides a valuable snapshot of what's occurring in our nation's hospitals and the vast opportunities available to forge healthier relationships between health care organizations and physicians. Now let's take this information to the next level and make the changes necessary to ensure a more successful future for all health care providers.

To obtain a copy of the *Catholic Healthscan 2006: A National Survey of the State of Physician-Hospital Relationships*, contact Susan Arnold at sarnold@hss-inc.com or 303-841-7774.



Source: *Catholic Healthscan 2006: A National Survey of the State of Physician-Hospital Relationships*

In late 2004, Carondelet Health Network in Tucson rolled out a renewed and highly disciplined focus on physician recruitment and retention that has produced remarkable results.

Approximately 70 physicians have joined the staff in 2005 and 2006 and splitter activity has been reduced. Prior to implementing this plan, the average age of the medical staff was 55 and physician recruitment, retention, and succession planning activities lagged, leaving the system vulnerable.

The halo effect of the new activities and other initiatives to strengthen physician-hospital ties are tangible—two joint ambulatory surgery center joint ventures are in operation and a third is underway, and a physician liaison program works with all physicians in the community not just the Carondelet medical staff to manage problem resolution and facilitate interaction between primary care physicians and specialists. Neil Carolan, Carondelet's first vice president for physician development and integration, advises that organizations appreciate the history involved and the established patterns of behavior when developing and rolling out programs for physicians. He notes that when Carondelet moved too quickly, some physician initiatives backfired. Medical staff support is best achieved when organizations are deliberate about pursuing change.



Craig Holm is a senior vice president of Health Strategies & Solutions and directs the firm's physician-hospital integration and physician practice consulting services. He is a frequent speaker for national and state health care associations and societies. His second book, *Allies or Adversaries:*



*Revitalizing the Medical Staff Organization*, was published in 2004 by Health Administration Press. He can be reached at 215-636-3500, ext. 103 or [cholm@hss-inc.com](mailto:cholm@hss-inc.com)

## Client Spotlight:



### The Project

In 2004, Health Strategies and Solutions conducted a feasibility study for St. Elizabeth Medical Center that evaluated three locations for development of an ambulatory care center. The strategic rationale for building a center was to increase outpatient market share and admissions from the target market area by branding St. Elizabeth as the market leader in outpatient services. The proposed ambulatory care center would offer convenient, accessible, one-stop shopping for a range of services, serving as a community resource where residents would know to go for their health care needs.

As the recommendations from this initial feasibility study were being finalized, a new piece of property became available. Its location was along the 12th Street corridor that Covington, a city in the northern portion of St. Elizabeth's service area, envisioned as a new gateway. The site had good visibility from the interstate and was easily accessible from the nearby exit.

St. Elizabeth's has provided high-quality health care to the Covington community for 145 years; however, the medical center had recently received permission through the state certificate-of-need process to transfer all of the inpatient beds at its hospital in Covington (the North Unit) to the main campus in Edgewood (the South Unit). After the transfer of beds, the

emergency department and a number of outpatient diagnostic and treatment services would be the only patient services remaining at the Covington facility.

The market feasibility study that HS&S completed for the proposed ambulatory care center near 12th Street projected that more patients would seek services at the new location than at the existing North Unit. The volume projections reflected modest market gains and referrals from physician practices located on the upper floors of the building. Health Strategies & Solutions translated projected volumes into capacity and space requirements for the proposed center, developed financial pro formas for each hospital-sponsored program in the facility, and estimated total project costs. The financial impact of a "do-nothing" scenario that assumed a decline in future volumes in Covington if the outpatient services were not relocated was also evaluated.

### The Outcome

In the spring of 2006, St. Elizabeth's board approved the capital necessary to develop an ambulatory care center at the 12th Street site. Hospital-sponsored services planned for the center include an emergency department, imaging services, cardiac and women's diagnostic services, and rehabilitation. Physician practices are likely to include adult and pediatric primary care, obstetrics and gynecology, urgent care and dental services, and access to specialty physicians. A pharmacy and space for community education and teaching programs will also be housed in the new center.

The next phase of planning is currently underway, including discussions with a developer and potential partners. One

potential partner, a private, non-profit community-based health clinic that provides primary medical and dental care to residents of northern Kentucky, is interested in moving two of its clinics into space in the new ambulatory care center.

Developing a state-of-the-art ambulatory care center on the property in Covington will enable St. Elizabeth's to improve the convenience and accessibility of its ambulatory services and gain market share among residents of both northern Kentucky and Cincinnati, while working closely with the community clinic and other affiliated physicians. By anchoring a health care gateway to the city, the medical center will also sustain its long-term commitment to meeting the health care needs of Covington.

## On the Dais

### Upcoming Presentations



**Christie Markham:** "Advancing Clinical Centers of Excellence: Competitive Strategies that Yield Revenue Growth," Healthcare Financial Management Association Winter Seminar Series, February 15 in Charlotte, North Carolina

**Robert Hill:** "Accounts Receivable: How to Financially Analyze Your Practice," Infectious Diseases Society of America 2007 Clinical Practice Meeting, February 16 in St. Petersburg, Florida

**Jennifer Jones Etkin:** "Neuroscience Center Business Plan Development," 4th Annual Building/Streamlining Neuroscience Centers of Excellence, February 26 in Scottsdale, Arizona

### Health Strategies & Solutions Welcomes Our New and Returning Clients

#### AtlantiCare Health System

Egg Harbor Township, New Jersey

#### Bozeman Deaconess Hospital

Bozeman, Montana

#### Champlain Valley Physicians Hospital & Medical Center

Plattsburgh, New York

#### Catawba Valley Medical Center

Hickory, North Carolina

#### Columbia-St. Mary's

Milwaukee, Wisconsin

#### Doylestown Hospital

Doylestown, Pennsylvania

#### Exeter Health Resources

Exeter, New Hampshire

#### Froedtert & Community Health

Milwaukee, Wisconsin

#### Hospital for Special Care

New Britain, Connecticut

#### Inglis Foundation

Philadelphia, Pennsylvania

#### Johnson Memorial Hospital

Stafford Springs, Connecticut

#### Kennedy Health System

Voorhees, New Jersey

#### Mount Carmel Health System

Columbus, Ohio

#### Nevada Cancer Institute

Las Vegas, Nevada

#### Newton Medical Center

Newton, Kansas

#### Public Sector Partners

Worcester, Massachusetts

#### Raritan Bay Medical Center

Perth Amboy, New Jersey

#### Shriners Hospitals for Children

Tampa, Florida

#### The Carle Foundation

Urbana, Illinois

#### Touro Infirmary

New Orleans, Louisiana

#### TriHealth, Inc.

Cincinnati, Ohio

#### Upper Chesapeake Medical Center

Bel Air, Maryland

#### WestCare Health System

Sylva, North Carolina

#### Wills Eye Hospital

Philadelphia, Pennsylvania

#### Winchester Medical Center

Winchester, Virginia

# Off the Press

## Recent Articles

**“Why Women’s Health Business Development?”** by Alan Zuckerman and Christie Markham, October issue of *Healthcare Financial Management*

**“Clobber or Collaborate? Taking a Fresh Look at Your Competition,”** by Alan Zuckerman, November issue of *Healthcare Financial Management*

**“Stroke Programs: Coordinated Approaches Benefit Patients and Ease Financial Losses,”** by Shraddha Patel and Christie Markham, November issue of *Managing the Margin*

**“Why Children’s Business Development?”** by Alan Zuckerman and Christie Markham, December issue of *Healthcare Financial Management*

Copies of all HS&S articles are available on our website at <http://www.hss-inc.com/4-3-articles.htm>



**Above I to r:** Robert Hill, Christine Markham, Keith Pryor, Tracy Johnson, Craig Holm, Alan Zuckerman, Hugo Finarelli, Jennifer Jones Etkin, Justin Doheny, Maria Finarelli, Erica Baittinger, Kathleen McCarthy

## HEALTH STRATEGIES & SOLUTIONS, INC.

8 Penn Center  
1628 John F. Kennedy Boulevard  
Suite 200  
Philadelphia, PA 19103  
(215) 636-3500  
[www.hss-inc.com](http://www.hss-inc.com)

Health Strategies & Solutions, Inc., is a national management consulting firm dedicated to helping organizations discover innovative strategies and

solutions for today’s complex health care challenges. Our staff has enabled hundreds of health care organizations across the country to address complex issues, make decisions that achieve lasting results, and set courses for success.

*HS&S Strategy Outlook* is published by Health Strategies & Solutions, Inc. The information presented in this newsletter reflects the opinions of Health Strategies & Solutions’ staff and may not be appropriate for all health care organizations under certain circumstances.

©2006 Health Strategies & Solutions, Inc.

## HEALTH STRATEGIES & SOLUTIONS, INC.

8 Penn Center  
1628 John F. Kennedy Boulevard  
Suite 200  
Philadelphia, PA 19103

Browse our website for more HS&S articles and newsletters  
[www.hss-inc.com](http://www.hss-inc.com)