

Strategies & SOLUTIONS

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Strategies & Solutions for Developing Joint Ventures with Physicians

Joint ventures between hospitals and physicians are becoming quite prevalent today. The increase in joint ventures can be attributed to several factors.

Many health care organizations are attempting to salvage ancillary services now being targeted by physicians who are seeking to boost their revenue streams. Elimination or loosening of certificate of need restrictions in many states is also paving the way for joint venture arrangements that were previously restricted. And safe harbors have enabled physicians to invest in ambulatory surgery centers.

Successful strategies and solutions for contemporary joint venture partnerships include:

- **Establish guidelines and goals for forming joint ventures arrangements.** Health care organizations should develop guiding principles for establishing joint ventures with physicians so that leadership is not perceived as favoring select physicians.
- **Limit the number of joint ventures pursued.** Health care organizations should acknowledge the high level of effort needed to successfully implement a joint venture by limiting the number of arrangements pursued at one time.
- **Evaluate the return on investment for each potential investor.** Joint ventures must provide tangible benefits for all parties. "Erosion" analyses should be performed to quantify the likely impact on health care organization services.



- **Select program lines wisely.** Joint ventures should be pursued for those service lines that are a high priority for both the health care organization and its physicians and when there are physician "champions" committed to the arrangement.
- **Do not limit consideration of joint ventures to surgery centers, imaging, and medical office buildings.** Endoscopy, cardiac diagnostic services, fitness/wellness centers, occupational medicine, urogicare, and other outpatient services may be attractive candidates as well.
- **Consider alternatives to joint ventures for achieving alliances between health care organizations and physicians.** Joint operating agreements, management contracts, facility partnerships, and information system linkages may be more attractive alternatives for those who are not ready to commit to more binding joint venture arrangements.

Zuckerman Conducts Online ACHE Program

Alan Zuckerman will be conducting an online program, "Strategic Planning: From Formulation to Action," for the American College of Healthcare Executives (ACHE). The session is scheduled to run from October 3 to November 11. Six category IACHE education credits may be earned when completing this course.

Zuckerman's program will provide a step-by-step approach to identifying the components of the strategic planning process. The course will help participants examine the competitive strengths and weaknesses of their organization as well as the critical issues they will face in the next three years.

A bulletin board method is used for the six-week online program. Every week, participants will be required to complete assignments from the program material. Zuckerman will post a question to be answered and discussed during the week. The final session will be conducted as an open forum for participants and faculty to discuss issues and ask questions that pertain to the course.

To register for this program or obtain additional information, please call the ACHE Division of Education at 312-424-9300.

Off the Press Recent Articles

"Increasing Market Share," by Alan Zuckerman and Tracy Johnson, May/June issue of *Health Progress*

"Making Strategic Planning Relevant," by Alan Zuckerman, May/June issue of *Spectrum*

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On the Dais Upcoming Presentations



Society for Healthcare Strategy and Market Development, San Diego

Craig Holm and Lou Glaser:
"Ambulatory Care Joint Ventures:
Lessons from the Industry,"
September 10

Erica Baittinger, Tracy Johnson,
and Linda Spivack: "Planning for
a Right-Sized, Effective
Emergency Department,"
September 11

AmeriNet, Warrendale, Pennsylvania

Craig Holm and Erica Baittinger:
"Ambulatory Care Relationships,"
October 4

Christie Markham and Erica
Baittinger: "Women's Health,"
October 5



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and Hugo Finarelli

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issues, make decisions that achieve
lasting results, and set courses for
success in the new millennium.

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