

HS&S Strategy OUTLOOK

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Building Incentives for Participation in Medical Staff Organizations

Physicians are working increasingly long hours and struggling with rapidly escalating expenses to achieve stable or declining practice revenues. Adding to physician stress are the often contentious relationships they have with hospitals, which have adopted standoffish and even antagonistic stances that have alienated members of the medical staff organization. With so many demands on physicians' time and energy and their wariness about the value of relationships with hospitals, how can hospitals and systems create incentives for physicians to reconnect to a hospital and actively participate in medical staff organizations? The solutions are not quick and easy and a "one-size-fits-all" approach is inappropriate.

Hospitals and systems will need to dig deep to find creative and perhaps unique incentives so that loosely aligned, independent, and alienated physicians are motivated to participate actively in medical staff organizations. If health care organizations fail to create these incentives, further separatism and alienation of physicians from hospitals and systems, and less participation, formally or informally, in medical staff functions and initiatives are likely to occur.

Less substantive participation on a medical staff means fewer physician candidates to serve as leaders or champions for critical functions of the medical staff and less involvement in service line planning, growth and development, and quality initiatives across the continuum of care.



Disenfranchised physicians are more likely to strip ancillary services from hospitals leading to acrimonious and even hostile physician-hospital relationships. A lack of participation on the medical staff can also lead to a decline in referral relationships to a hospital and its affiliated physicians, and, ultimately, diminished financial viability of a hospital or system. Hospital responses to competitive physician initiatives, such as economic credentialing, often add fuel to the fire.

Hospitals and health systems cannot sit idly by and let their medical staff organizations dwindle into irrelevancy. Examples abound of the deleterious effects of being passive and reacting to physician initiatives as they occur. Health care

organizations instead must collaborate with physicians to revitalize medical staff organizations and demonstrate their value.

Laying the Groundwork for Incentives

Numerous incentives are available for hospitals and systems to motivate physician participation in the programs, services, and initiatives of medical staff organizations. These incentives should motivate physicians to be truly active participants in the medical staff organizations, not inactive, marginally active, passive, ambivalent, or worse yet, combatants with a hospital in a competitive relationship.

Whether or not these incentives will be effective is largely dependent on the climate and environment in which the physician-hospital relationship operates. The success of incentives is often a function of the level of trust already created and perceived, the actual value-added benefits from past participation on the medical staff, and earlier successful initiatives of the medical staff, such as attaining quality metrics. Also, if a health care organization has achieved organizationwide market leverage, the hospital or system has more leverage with aligned physicians and is capable of offering more incentives.

A fundamental platform of trust and mutual benefit must exist before the

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incentives are rolled out or offering incentives may be a waste of time and resources. Incentives are also likely to be more effective in combinations of two or more; the likelihood that offering only one “carrot” will lead to increased participation of physicians in the medical staff is slim.

8 Incentives for Active Participation in the Medical Staff Organization

What incentives will motivate physicians to move beyond affiliation or loyalty to energetic participation in program growth and development, active clinical referral relationships, and deep commitment to hospital or system strategic initiatives? Many examples exist of incentives for medical staff organization participation, including strategies for initiating participation and encouraging more extensive or more active participation in the medical staff organization.

As with any physician strategy employed by a hospital or system, the specific incentives selected must take into consideration past successes, current capabilities, existing benefits for physicians and the sponsoring hospital or system, and the likelihood of future success. Physicians should also feel confident that their participation will lead to meaningful results that reinforce the value of their participation.

1. Provide Efficient Operations and Systems

One of the most common reasons physicians develop ambulatory surgery centers, independent hospitals, and other out-of-hospital services is to create more efficient operations and systems and economic benefit. The physician community is troubled by inefficient and costly hospital consumption of resources, particularly since most physician practices have been aggressive in their efforts to rid their practices of wasteful staffing and expensive infrastructure.

2. Promote and Communicate a Vision

A hospital or system should promote a compelling vision for providing efficient, cost-effective, high-quality health care in the future and establish a reasonable and realistic time frame to achieve the vision. The vision statement and the associated activities needed to achieve the vision must be seen as a tangible commitment to building an organization that truly values its physicians or these efforts will be seen as smoke and mirrors.

3. Pursue High-Quality, Measurable Patient Care

Increasingly, hospitals and health care systems are coveting the various designations of high-quality status, such as those touted on HealthGrades.com or published in *U.S. News & World Report*. However, while the health care community may perceive that patients prefer to be cared for by high-quality hospitals and physicians, patients may not generally accept or appreciate the importance of being designated a high-quality provider. These quality ratings are, however, meaningful to health care providers. Providers are seeing more of their pay tied to performance based on quality measures and other contractual objectives. Pay for performance is inevitable in the next three to five years.

4. Provide Access to Hospitalist Programs and Services

Another incentive to participate actively in the medical staff organization rather than remain independent is access to a hospitalist program. In published studies, organizations with hospitalists experience an average reduction in hospital costs and length of stay of about 15 percent. Many physicians discover that coming to the hospital each day to conduct rounds on only a few patients can be an inefficient use of time and a financial drain.

5. Obtain an Advanced Information System

Hospital and health system attempts at physician practice management were largely failures, but they did demonstrate a valued capability: assisting physicians in improving practice efficiency and reducing costs through the use of information technology. Multisite, 24/7 access to patient information and the ability to demonstrate clinical care outcomes are high-priority features for physicians.

6. Create a High-Quality Nursing Program

High-quality nursing staff and coverage are key drivers for physician loyalty. Hospitals and systems dedicated to creating active, committed medical staff organizations must ensure that they have a stable cadre of highly qualified nurses and also make wise choices about the trade-offs of having nurses care for a higher volume of patients. Are the cost savings generated from having fewer nurses on units significant enough to compromise patient care and physician satisfaction?

7. Make the Medical Staff Bylaws Residency Requirement More Lenient

One of the “disincentives” that medical staff organizations have historically instituted is a restrictive residency requirement for membership on a medical staff. Many physicians perceive any standards (other than on-call distance and time requirements) to be too stringent, and consider such requirements a disincentive for recruitment.

8. Provide Access to Recruitment and Retention Assistance

Hospitals often offer physician recruitment and retention programs and services, particularly when supported by an objective community needs assessment that may indicate a health professional shortage area or medically underserved area designation. Programs typically include a salary guarantee or subsidy structured as a loan to a practice that is forgiven if the physician remains in the underserved community and provides service for a defined period.

Information on additional incentives and details on the incentives discussed above are presented in my new book *Allies or Adversaries: Revitalizing the Medical Staff Organization*.

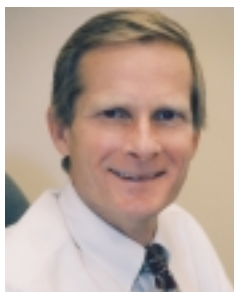
Determining What Incentives to Offer

How should a hospital determine which to offer as incentives? A good practice outreach program is a start. Also, a periodic medical staff survey can help organizations gather market intelligence and determine physician perspectives on what is expected from medical staff membership.

In particular, hospitals and systems must give thoughtful consideration and seek legal counsel to determine how incentives for active participation on the medical staff can be accomplished within the confines of regulatory constraints and precedent-setting legal cases.

By participating in hospital or system initiatives, the physician should achieve the same or similar economic benefits as would occur if the physician, in partnership with an independent developer, pulled ancillaries out of the hospital setting. Economic incentives do not imply payments or subsidies to physicians. The benefit to physicians should be the ability to be a viable independent, affiliated physician practice, and participation in a medical staff organization should offer demonstrable benefits—whether they are economic and otherwise.

Craig E. Holm is a director of Health Strategies & Solutions and is an expert on physician-hospital partnerships, medical staff organizations, primary care network development, and ambulatory care planning. Craig's second book, *Allies or Adversaries: Revitalizing the Medical Staff Organization*, will be available from Health Administration Press in July.



Health Administration Press Publishes Holm's New Book

Craig Holm's second book, *Allies or Adversaries: Revitalizing the Medical Staff Organization*, will be available from Health Administration Press in July. This book will immerse readers in a thorough analysis and discussion of medical staff organizations.

Topics include:

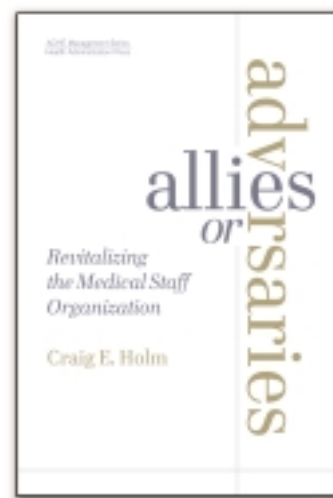
- Major influences on physicians and medical staff organizations
- Medical staff planning
- Incentivizing participation
- Strategies for managing adversarial physicians
- Developing effective working relationships within the medical staff organization
- First steps for revitalizing the medical staff organization.

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“Chapter by chapter, Holm and his colleagues explore the current major influences affecting medical staff organizations. This work offers invaluable guidance to both clinical and nonclinical leaders wishing to steer their institution out of today's preoccupation with survival, economic scarcity, and sometimes cutthroat provider competition. It highlights a reemergent focus on professional and institutional growth and development in the service of community and societal benefit—that is, toward genuine healthcare reform.”

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For article reprints, please contact Roxanne Jackson at rjackson@hss-inc.com or (215) 636-3500, ext. 100.

On the Dais

Upcoming Presentations

American College of Healthcare Executives Online Seminar

Craig Holm and Rick Afable: “Building Effective Medical Staff Relationships,” July 3 and August 14

HS&S Welcomes New Staff Member

HS&S is pleased to welcome Andrea Shellman to our team of consultants.

Andrea is a member of the strategic planning consulting group and participates in medical staff development, ambulatory care planning, clinical program planning, and operations improvement engagements. She has particular expertise in radiology information systems, photo archival communication systems, and imaging business models.

Andrea has a master's degree in health services administration from the University of Michigan and a bachelor's degree from Northwestern University. She previously served as an administrative fellow at St. John Health in southeast Michigan.



Andrea Shellman



Above l to r: Robert Hill, Christine Markham, Keith Pryor, Tracy Johnson, Craig Holm, Alan Zuckerman and Hugo Finarelli

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