

# Medical Staff Planning: A New Way to Think About Community *Versus* Hospital-Specific Needs

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Increasingly, hospital administrators are concluding that there is a great deal more to managing their employed physicians than simply signing them up. Hospital and health system leadership use data and analysis to create medical staff plans that determine the physician complement that best meets their various needs.

Traditionally, hospitals and health systems have used two approaches to determine need:

- The external approach. This measures a community's need: the specific complement of physicians required to meet the healthcare needs of a population.
- The internal approach. This assesses the hospital's specific needs: the complement of physicians required to accomplish the organization's objectives.

Use of the external approach is often motivated by regulatory requirements; hospitals and systems need to document and justify a community's need for physicians when offering recruiting subsidies for independent physicians. With hospitals now more likely to employ physicians than recruit independent physicians, demonstrating community need is becoming less important.

Other factors may also turn an administrator's attention from an external to an internal approach in determining physician need. As the high cost of managing a physician enterprise becomes apparent, it is important to know that each physician is maximizing their contribution to overhead, as well as supporting the practice of their colleagues, before launching a recruiting plan.

## COMMUNITY NEED

Community need is typically determined by matching a theoretically "ideal" ratio of physicians to the actual population's specific demographics. This need is then compared to



the community's availability of physicians. Any difference may be considered a need (or deficit) for that particular specialty.

Need determinations are dependent on the implicit definition of "community need." Ideally, they address population density, population aging, household income, disease incidence and other important factors that impact the numbers of physicians needed in a community.

That measured difference between supply and demand in each specialty may help identify unmet needs in the community as a whole. However, community need deficits are not a good measure of how a hospital should direct its recruiting efforts. Even applying the hospital's market share to community need may not yield appropriate recruiting targets for the hospital, because the hospital may be seeking a higher market share, or it may have targeted clinical service priorities. Further, it does not address other factors that should drive a hospital's medical staff plan, like admitting loyalty.

## **INTERNAL NEED**

Hospitals and health systems need to understand how many and which physicians are needed for financial sustainability, and to balance their mix of primary care, core specialty and sub-specialty physicians. Their internal, or "hospital-specific," need is based on a mix of considerations, including:

- Financial priorities
- Strategic planning initiatives and clinical program planning (both inpatient and ambulatory care)
- Identification of weaknesses in the existing medical staff (aging, low productivity, divided loyalty for admissions and referrals)
- Whether the physician enterprise is sufficiently efficient to support the claim that more recruiting is warranted.
- Impending needs driven by value-based or other new payment methodologies that require new approaches to patient management (e.g., ACOs and other Alternative Payment Models, bundled care, Medicare re-admission penalties)
- Advanced practice clinician models

Once internal medical staff requirements have been addressed, evidence of unmet community needs may indicate where there are market opportunities that the hospital or health system should consider. ●