

Putting Employed Physicians in the Driver's Seat

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As hospitals and health systems build their employed medical practices, a large emphasis is often put on compensation arrangements, and little attention is paid to engaging physicians in the successful management of these practices. At the same time, hospitals are experiencing significant operating losses for their employed practices. Losses vary, but hospital-owned practices typically lose between \$150,000 to \$200,000 per employed physician.

Some physicians choose employment over private practice because they don't want to deal with the financial and administrative "hassle" of running a practice. Yet the reality is that physicians constitute a small business whether in private practice or within a health system. The needs of these businesses don't go away under an employment arrangement. The thousands of choices and actions made in the practice every day, by all employees, ultimately impact the bottom line.

Further, most of the day-to-day clinical and administrative steps are intertwined with the patient, the patient-doctor relationship, or the patient-staff relationship. As such, informed day-to-day leadership will come from the clinician manager, who, for efficiency sake, needs to play a role in the various business processes, from proper coding to EHR implementation. Without their input and cooperation, it is much harder for hospital leaders to run a successful practice.

Involving physicians in practice management will not only help stem operating losses, but will also improve physician satisfaction, thereby improving patient satisfaction. Physicians else share common traits with others in medical practice. They care about their compensation, of course. But they also want to work in an environment that is conducive to their practice.

Many healthcare organizations are working to build patient-centered medical homes. Yet creating "physician-practice medical homes," which support and engage physicians in improving patient outcomes and ensuring financial health, can be an important source of



building sustainability and employed-physician loyalty. Understandably, physicians want to work in an environment where processes work for them and for their patients. Yet it's a two-way street. Physicians need to be engaged in fixing or improving inefficient or broken business processes.

HOW-TOS FOR ENGAGEMENT

When involving employed physicians in the business side of medicine, hospital leaders need to determine how to strike a balance between two potential extremes: "We will handle everything for you" and "You have to handle everything for yourselves like in private practice."

The exact way to approach physicians depends, in part, on what business or administrative function the hospital is trying to engage them in. Ideally, physicians have a role in the success of all basic functions, including:

- Revenue cycle functions, such as documentation, coding, and charge capture
- Management of practice staff, including ensuring productivity
- Payer management, at a high level, helping determine terms that actually can be operationalized at the practice level
- Internal marketing and loyalty, which includes referral management
- IT implementation

Let's look at two examples of how hospitals can involve physicians in practice management:

Charge capture: When billing errors occur in employed medical groups, a hospital's finance staff often trace the cause back to faulty documentation, coding, or charge capture. Getting the physicians and care teams involved in fixing these inaccuracies encourages buy-in and a durable fix to future billing errors.

To do this, finance leaders and practice staff need to have an understanding of the shared need for mutual sustainability, as well as the need to translate coding and other steps into day-to-day clinical practice. Then physicians need continual feedback (e.g., during regular meetings or via electronic performance dashboards) on the impact of their improvement efforts.

Referral practices: Talking to physicians about referrals to other physicians and services needs to be handled delicately. Physicians understand that referring internally benefits the hospital or health system but they, of course, have some autonomy in their referral choices.

It's typically better to talk to physicians' one-on-one about their referral practices. The aim should be to identify what loyalties the physician currently has toward certain specialists (inside and outside the health system) and identify whether there's potential to improve those internal options. For example, if a primary care physician does not want to refer to one hospital-based cardiologist, perhaps there's another cardiologist that just joined the organization. Alternatively, insights gleaned from the primary care physician may point to opportunities for improving the hospital's cardiology program.

PHYSICIANS NEED TO BE MANAGED, TOO

Compensation is important with employed physicians, as it is for all employees. However, compensation is not the end of the conversation.

Employed physicians benefit from effective management just like any other group of employees, including the highly trained and employed. They need guidance on working with the hospital or health system to achieve its mission and strategic goals, which includes assuming a key role in ensuring an effective and preferred practice setting. ●