

5 Strategies for Strengthening Physician Alignment

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There are signs that hospitals' interest in employing physicians or owning physician practices may be waning—yet the need to align physicians with hospital strategy is perhaps greater than ever.

American Medical Association (AMA) research shows that 33 percent of physicians were employed by hospitals or part of hospital-owned practices in 2016. That's an increase of just 3.8 percent over 2012 figures, prompting some experts interviewed by the AMA to wonder whether physician employment has stalled because hospitals have “as many practices as they can handle at this point” and are more focused on better organizing existing physician resources.



At the same time, as value-based payment models struggle to gain momentum, some hospital leaders are learning that physician employment doesn't necessarily equal alignment. Often, this occurs because leaders aren't skilled at engaging their physician workforce through such steps as:

- Building relationships that instill trust in physicians and pride in the organization
- Providing incentives that promote performance beyond productivity
- Requiring a physician voice in decisions that directly impact their work
- Establishing an expectation of physician engagement

How can hospitals more effectively secure the physician support needed to boost performance, ensure adoption of evidence-based practices, increase market share and loyalty, and more? Here are five strategies, among many, that leaders should consider.

INVOLVE THE CHIEF MEDICAL OFFICER (CMO) IN CONTRACT NEGOTIATIONS WITH PAYERS.

This is especially true when developing value-based payment arrangements. Bringing the CMO and other physician leaders on board early in this process establishes a connection between the level of performance payers are seeking to incentivize and the results physicians and other care team members can actually achieve.

For example, one health system provided exceptional quality of care under a value-based contract, with exemplary outcomes, but its utilization rates also were high. As a result, the health system lost \$1 million under this contract, in spite of how well patients fared. Had physicians been involved at the contracting stage, they could have raised the alarm: How will we manage to these requirements? Early involvement also ensures the medical staff is fully informed of the measures that will be tracked under the value model. For example, halfway through MACRA Year One, 51 percent of physicians described themselves as only “somewhat knowledgeable” about MACRA, according to an AMA survey.

LOOK FOR GAPS IN PHYSICIAN LOYALTY—AND WORK QUICKLY TO ADDRESS THEM.

For example, take a look at the number of specialty referrals that are going to out-of-system specialists rather than to those on staff. Then, hold conversations with physicians who have high rates of non-system referrals to dig deeper. Sometimes, the issue boils down to lack of information: “I didn’t know we had a pulmonologist on staff.” Other times, the conversations can reveal an issue with a particular specialty physician: “I can’t stand that cardiologist” or “The quality of care that cardiologist provides isn’t great.”

Be strategic about the physicians you meet with one-on-one. Primary care physicians with high out-of-system referrals are a great place to start.

DEVELOP A PRIMARY CARE STRATEGIC PLAN. An effective and loyal primary care physician base can significantly impact the need for specialty services. It can also lead to greater alignment between specialists and the health system: Primary care physicians who are super loyal and provide the highest quality of care can force specialty loyalty and adherence to quality measures regardless of specialists’ preference of facility.

In developing a primary care strategic plan, it’s important to consider how many primary care physicians your system needs, where these physicians should be located, and the level of decision-making influence and control you’d like your primary care physicians to have. Consider what primary care physicians who work for your organization most want and how your system can address these desires, more fully integrating these physicians with the system’s mission, vision, and goals.

TAKE ANOTHER LOOK AT YOUR PHYSICIAN COMPENSATION PLAN. It needs to go beyond productivity-related incentives to include incentives that:

- Promote enhanced patient access
- Establish specialty-specific outcome measures
- Tie back to the organization’s strategic plan, aligning physician performance with key strategic goals

The more your organization's incentive plan can align physicians' actions with the system's strategic objectives, the more tightly integrated your medical staff will be with your organization as a whole.

CONSIDER OTHER ARRANGEMENTS FOR PHYSICIAN ALIGNMENT, IN ADDITION TO EMPLOYMENT. For example, you can give physicians skin in the game by structuring an arrangement as a joint venture or management services organization (MSO). That would allow your hospital or health system to gain specific expertise in certain service lines while also helping to ensure physicians have a financial stake in the organization's success, thus promoting behaviors that reflect an "all in" approach. Implementing a joint venture or MSO requires dealing with challenges such as how to structure these arrangements to meet legal and regulatory requirements, while also effectively aligning the interests of both the healthcare organization and the physicians.

DETERMINING THE RIGHT APPROACH

Driving high levels of loyalty and engagement among your medical team is critical to success in value-based payment models and in your market. Exploring these strategies can help secure the level of alignment needed to support a tightly integrated approach to care. It can also promote a happier medical staff—and more satisfied patients. ●