

The Solution to Hospital/Physician Relations is Management

The healthcare industry is experiencing a resurgence of hospital/physician business arrangements

During the past 15 years, both large health systems and community hospitals entered into business relations with physicians. Many of those “first generation” arrangements ended with financial loss for the hospitals and, rather than engendering better professional relations, caused serious erosion of their relationships with both the physicians involved and the physicians who were watching from the sidelines. Many hospitals have suffered financially by owning and managing medical practices and also strained their hospital/physician relations in the purchase, management and dissolution of practice ownership.

In spite of many failed ventures, there is a growing resurgence of such activity. The pressures currently felt by many hospitals to once again involve themselves with physicians in business ventures are generated by:

- The desire for the hospitals to provide all the healthcare services possible to what it considers its primary and secondary market areas,
- In community hospitals, a need to attract recruit and retain physicians to the community,
- The need of physicians to try to find ways to prop up sagging income,
- The desire of physicians to avoid the business necessities of owning a medical practice,
- The mind set of new physicians to avoid practice ownership and the financial risk of setting up a new practice,
- The increase in female physicians who want a different balance between home and work, and;
- The need of hospitals to find ways to create relational bridges to physicians.

The attitude of the hospital's top executives toward their physicians will permeate all the business and financial arrangements with physicians and will be the indirect key to success or failure of the ventures.

A primary concern for all hospital executives and boards is how to achieve positive results from such ventures in the future, while avoiding the losses and strained hospital/physician relationships of the past. A major component for achieving positive results in the future, from conducting activities that have historically produced losses, will be the attitude of the top hospital executives toward the physicians. To many hospital executives, business is business and business has nothing to do with relationships. For many physicians all business is personal.

First, let's establish differences between the hospital culture and the practice culture that can create gaps between physicians and hospital executives:

1. Hospitals need physicians to provide patients; physicians do not need hospitals to provide them patients.
2. Most physicians do not really care about the mission of the hospital, they care about their patients.
3. Most hospital executives are educated, experienced and grounded in business; most physicians do not know the rules of business and do not care to know.
4. Hospital executives are proactive; many physicians are reactive
5. Hospitals strive to preserve profitability; most physicians strive to preserve income
6. Hospital executives are not playing with their own money; physicians are
7. Hospital executives are risk takers; physicians are risk averse
8. Even physicians who are employees of hospitals do not trust hospitals
9. Hospital executives believe bigger is better; most physicians focus on one patient at a time

10. Many executives see joint ventures as the solution to a problem; most physicians see them as a way to package a solution.
11. Physicians are trained to work with one patient at a time; hospital executives are accustomed to working with groups
12. Many executives call physicians providers or customers; physicians do not like either label
13. Hospital executives want physicians to see them as peers; that will seldom occur
14. Physicians are “primitive battlers” because they do not understand the rules of engagement for business.
15. Physicians do not accept an organizational chart. They will always go to highest and most senior relationship for solutions. Physicians see themselves as the servant of the patient and will accept no other master
16. Hospital executives get paid by managing the productivity of others; physicians get paid based on their own productivity
17. Once a physician feels dishonored by any aspect of a business arrangement, all parts are suspect and trust is withdrawn.
18. And most importantly, almost all hospital executives have an inherent assumption that some way, some how, there is an answer that will solve and insure their relational challenges with physicians. The fact has always been that hospital/physician relationships are never solvable, they are only manageable, and sometimes barely that. Not understanding this critical truth has cost many hospitals considerable hospital resources as they search for what is not there. Once this is understood, the entire approach to being involved with physicians changes. Expectations are different, goals become more reachable and the mind set needed to communicate with physicians becomes more acceptable to physicians.

These business and cultural differences are always present in any business negotiations between hospitals and physicians and tend to color both the negotiations and the resulting agreements. In many cases, after the deal is struck, the hospital executives assume the agreement will provide a positive continuing repair with the physicians involved and will turn their attentions to other pressing matters. All too often the relationship, on the part of the physician, begins to go down hill at that point.

Example: The physician has had the hospital's attention and now that the deal is struck, he cannot get a hello in the halls. He receives his first report on how the agreement is working, does not understand it and becomes uncomfortable. At the end of the first year, the bonus he believes he earned and counted on does not come, and the executives send a manager to try to explain why, under the wording of the contract, which he signed, he did not earn a bonus and months of work on the part of both the hospital and the physician goes down the drain along with a valuable working relationship.. This agreement was treated as a solution for both hospital and the physician so there was no follow-up.

Here is an alternative approach:

1. Before the agreement was signed, especially if the agreement is an employment contract, a financial modal of the bonus wording is created to test whether the wording of the agreement performs as all parties expect.
2. After the agreement is signed, a person knowledgeable with the agreement meets with the physician each month to explain the previous month's productivity and how the physician's productivity affects him/her for that period. The meeting also affords the physician an opportunity to voice any complaints or opportunities.
3. At each meeting the hospital representative has a chance to remind the physician of the agreement's main provisions so he/she does not begin to develop inaccurate perceptions.
4. The monthly meetings also give the hospital representative the opportunity to discuss adjustments in the physician's performance, if needed.

This same agreement, which in the first modal is not successful, if treated as an ongoing management responsibility is probably going to be successful as both a business venture and a professional relationship

Relationships with physicians will never be easy. Managing medical practices will never fit the mold of managing other hospital departments and managing physicians will never be like managing department heads. It may not be fair, but most physicians are not going to change their approach to life even if they are employees of the hospital. Therefore, it is incumbent on the hospital executives to change their mind set from trying to solve the relationship challenge to understanding they must manage the relationship.

That change in attitude will bring about a significant change in how hospital executives view the relationships and how they structure them.

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Publications regarding this topic on website <http://www.practicesupport.com> include:

[Practice Management Tools for Physician Retention](#)

[Setting Up a Physician Practice](#)

[Sailing the Seven “Cs” of Hospital-Physician Relationships](#)

