

## **Hospital Physician Relations... Phase Two**

by David Shipman, Practice Pathways

During the past ten years both large health systems and community hospitals have entered financial and business relationships with physicians. Though many have experienced financial losses by owning practices, there are indications the financial picture may be improving. The next phase of this evolution will be dominated by attempts to lessen losses and find ways for physicians and hospitals to work together to find a common ground more conducive for the compromises required to accommodate the needs of both.

The problems that currently exist were created by a variety of activities including:

- Paying too much for practices
- Paying base incomes to physicians that equaled their historic income
- A reduction of activity on the part of the physicians after the sale of the practice
- Merging practice employees into hospital system benefit programs
- The additional layers of supervision in the hospital management group
- The purchase of expensive computer systems
- Compensation agreements that did not properly motivate the providers
- Inadequate communication between physicians and management

Many hospitals have been through this phase and have learned from the experience. Though some of the lessons learned were bought with a high price, it seems many physicians and hospital executives are committed to continuing to work together to build an effective delivery system.

The next phase of this evolution will be dominated by attempts to lessen financial losses and find ways for physicians and hospitals to work together to find a common ground more conducive for the compromises required to accommodate the needs of both. Some areas of critical concern are:

- The development of a clear mission and vision  
A mandatory first step for strategic planning.
- Development of an action plan to accomplish the mission and vision  
There should be input from all parties impacted by the plan.
- Commitment to the action plan  
If there has been input by all appropriate persons, commitment is usually a given.

- **Physician Compensation**  
Appropriate compensation should reflect the productivity of the providers, effective billing by the MSO, and effective use of resources.
- **Giving physicians a voice in the management of practices**  
Though physicians generally state distaste for practice management, neither are they comfortable with being shut out of the decision making process.
- **Management**  
The practice management team has three main responsibilities: supervise the operational aspects of the practice, keep watch over costs, and communicate effectively with the providers.
- **Accountability**  
Providers, management and staff must be willing to be accountable for their respective responsibilities toward the attainment of mutually defined goals.
- **Communication**  
None of the above mentioned concerns will be accomplished without the ability of all parties to communicate. Communication stems from a commitment to a common goal, the understanding that all parties who contribute must also benefit, and that intelligent compromise is always required when utilizing limited resources.

There is opportunity that, build upon the experience learned in Phase One, Phase Two will have more permanent synergistic effects for all who contribute to its creation.

For comments or further information on this subject, contact David Shipman at 816-587-1818 or email [dshipman@wehelpclientsucceed.com](mailto:dshipman@wehelpclientsucceed.com).

Publications regarding this topic:

- ✓ [\*Physician Relations: Tips & Tools for Hospital Executives\*](#)
- ✓ [\*Physician Relations Today: A Model for Growth\*](#)
- ✓ [\*A Practice Development Primer\*](#)
- ✓ [\*Sailing the Seven "Cs" of Hospital-Physician Relationships\*](#)