

# SPECTRUM

Society for Healthcare Strategy and Market Development®

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Special Physician Relations Issue

## Physician Relations: Benchmarking

### Strengthening Physician-Hospital Relationships: What Works, What Doesn't

SHSMD and Mitretek Healthcare recently conducted a national study of physician-hospital relationships. The study focused on a range of concrete strategies that hospitals are using to strengthen their relationships with physicians and also evaluated the strategies used. Although fewer than half the respondents rated physician-hospital relationships in their hospitals as extremely positive, some strategies show promise for developing more meaningful and constructive relationships.



Clearly, improvement in physician-hospital relationships is needed. Of the 362 individuals responding to the survey, only 46 percent rated overall physician-hospital relationships in their hospitals as very positive (5 or 6 on a 6-point scale, with 6 being the highest rating). The 36 percent of respondents who gave a 4 rating to overall relationships presumably were suggesting that, although some strategies seem to be working, others need significant attention. A rating of 1, 2, or 3 (18 percent of respondents) was assumed to indicate serious problems with current relationships.

#### Most Frequently Used Strategies

Table 1 lists the ten strategies that are used by the highest percentage of survey respondents. Employing a vice president for medical affairs, providing financial support for recruitment to independent practices, involving physicians in planning clinical service lines, conducting interviews or focus groups with physicians, and implementing clinical information systems that allow physicians access to clinical information when they are outside the hospital all received very positive (5 or 6) effectiveness ratings

by more than 60 percent of those using the strategy. By contrast, 50 percent or fewer of respondents who tried to improve the peer review process or use infrastructure or information system improvements to improve hospital or physician efficiency or patient access to care gave those strategies high marks for effectiveness.

#### Most Effective Strategies

As shown in Table 2, of the top ten strategies that received very positive (5 or 6) effectiveness ratings, five involved employing physicians, including primary care physicians, specialists, hospitalists, intensivists, and vice presidents for medical affairs. Three strategies related to involving physicians in the strategic planning process, one focused on providing financial support for recruitment to physician practices, and another involved a formal physician relations program. Of the five strategies receiving the highest effectiveness ratings, only 30 percent of survey respondents are employing intensivists, and only 39 percent have sponsored retreats limited to physician leadership and senior management.

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# Strengthening Physician-Hospital Relationships: What Works, What Doesn't

(continued from page 1)

## Economic Alignment Strategies

A consistent message from the study was the need to find ways to align the economic interests of the hospital or healthcare system with the economic interests of the medical staff. A number of the survey items focused on such strategies.

As shown in Table 3, the strategies receiving very positive (5 or 6) ratings from at least 40 percent of respondents included joint ventures; collaborative managed care contracting; paying stipends for medical directorships; investing in infrastructure to increase physician efficiency; growing select clinical services that are profitable for physicians; providing training for physician office staff in coding, billing, and collections; providing some relief for physician professional liability insurance premiums; paying stipends for being on call in the ED; and paying stipends for time spent on medical staff organizational activities.

Noteworthy was the small percentage of respondents whose hospitals are using strategies such as economic credentialing, gain sharing, equity ownership of not-for-profit bonds, providing relief for physician professional liability insurance premiums, and equity ownership in real estate. Also of note was the high percentage of respondents who indicated that they "do not know the impact" of most of these strategies on physician-hospital relationships.

## Themes Identified in Survey Comments

The survey concluded with an open-ended question: *If you were to advise a colleague on the three or four most important things to be done in order to strengthen hospital-physician relationships, what would they be?*

The ten most frequent responses, in descending order, were:

1. Communication, communication, communication.
2. Involve physicians in strategic planning and in addressing operational issues that are of concern to them. But don't just involve them; enlist them to serve in leadership roles addressing these tasks and crafting solutions.
3. Align the economic incentives of the hospital/system with those of physicians. Find ways to share hospital/system revenue with physicians.
4. Find ways for the CEO and the rest of senior management to be extremely visible and accessible. They need to invest significant one-on-one time having face-to-face conversations with physicians.
5. Create a physician relations office, and hire talented staff capable of reaching out to physicians and their office staffs. Invest resources in helping physicians get to know one another and in strengthening referral relationships between primary care physicians and specialists.
6. Be open...be honest...be credible...be trustworthy.
7. Actively listen to physicians' issues and concerns. Once you identify problems, demonstrate that you are willing and able to take action and get results.
8. Invest in developing current and potential physician leaders.
9. Build an organizational culture that is committed to providing high-quality, state-of-the-art, compassionate care for patients and families.
10. Increase the number of physician members on the board of trustees and board committees, including the strategic planning committee.

**Table 1.**  
**The Ten Most Common Physician Relations Strategies**

	Use Strategy (% of respondents)	Effectiveness of Strategy (average ranking, on a 6-point scale)	Effectiveness of Strategy (% ranking 5 or 6, on a 6-point scale)
Employ a vice president for medical affairs (or equivalent leader)	73%	5.1	73%
Provide financial support for recruitment to independent physician practices	83%	5.0	72%
Actively involve physicians in planning/developing clinical service lines or centers of excellence	83%	4.8	65%
Conduct individual/group interviews with physicians to identify their issues/concerns	78%	4.8	63%
Implement clinical information systems that provide physicians with ready access to clinical information when they are outside the hospital	73%	4.7	61%
Pay for leadership development activities for current and future physician leaders	77%	4.5	53%
Invest in infrastructure to increase patient access	72%	4.5	50%
Implement clinical information systems that significantly improve the efficiency of hospital care	81%	4.4	48%
Invest in infrastructure to increase physician efficiency	73%	4.5	46%
Implement a plan to improve peer review process	76%	4.3	43%

**Table 2.**  
**The Ten Most Effective Physician Relations Strategies**

	Use Strategy (% of respondents)	Effectiveness of Strategy (% ranking 5 or 6, on a 6-point scale)
Employ intensivists	30%	75%
Employ vice president for medical affairs or equivalent	73%	74%
Employ hospitalists	51%	74%
Provide financial support for recruitment to independent practices	83%	73%
Sponsor retreats limited to physician leadership and senior management	39%	70%
Have a formal physician relations program with professional staff responsible for spending time with active medical staff members and their office staffs	56%	68%
Sponsor planning retreats that include board members, physicians, and senior management	71%	68%
Actively involve physicians in planning clinical service lines or centers of excellence	83%	66%
Employ primary care physicians	72%	65%
Employ some office-based specialists	57%	64%

continued on page 4

# Strengthening Physician-Hospital Relationships: What Works, What Doesn't

(continued from page 3)

**Table 3.**  
**Physician-Hospital Economic Alignment Strategies**

	Use Strategy (% of respondents)	Use Strategy But Don't Know Impact	Effectiveness of Strategy (% ranking 5 or 6, on a 6-point scale)
Develop clinical joint ventures with members of the medical staff	52%	13%	56%
Participate in collaborative managed care contracting with physicians	57%	9%	53%
Pay physicians a stipend for medical directorships	32%	19%	53%
Invest in infrastructure to increase physician efficiency	73%	6%	47%
Grow select clinical services that are profitable for physicians	73%	8%	46%
Provide training to physician office staff to improve coding, billing, and collections	56%	10%	45%
Provide some relief for physician professional liability insurance premiums	28%	15%	45%
Pay physicians a stipend for being on call in the emergency department	38%	15%	43%
Pay physicians a stipend for time spent on medical staff organization activities	63%	14%	40%
Participate in risk-sharing contracts with medical staff	31%	31%	38%
Offer equity ownership in real estate (office buildings, etc.)	26%	19%	38%
Actively advertise independent physicians	37%	6%	36%
Offer equity ownership of not-for-profit bonds	10%	70%	36%
Implement economic credentialing	14%	65%	33%
Implement gain sharing	14%	45%	32%

## About the Survey


The study was conducted by Mitretek Healthcare, a not-for-profit healthcare consulting firm with offices in Falls Church, VA, Lexington, MA, Chicago, Austin, TX, and Atlanta. Led by Bob McGowan and Amy MacNulty, both SHSMD members, with assistance from Mitretek Healthcare colleagues, the study expanded on a 2003 Mitretek study, which included responses from CEOs and physician leaders from 55 New England hospitals.

Approximately 2,933 hospital-based SHSMD members were asked to complete the survey and to encourage the CEO and a physician leader from their organizations to do so. The survey was completed by 362 individuals, representing 300 hospitals from 45 states, with 16 states having 10 or more respondents. A balance of urban, suburban, and rural hospitals and large, medium-size, and small hospitals was represented in the survey responses. Although some academic medical centers and specialty hospitals participated, 86 percent of the respondents were from community hospitals, and 24 percent of those were from community teaching hospitals.

By job title, the respondent group included 27 percent CEOs, 17 percent physician leaders, 20 percent physician relations staff, 17 percent marketing/public relations staff, 12 percent strategic planning staff, and 6 percent other hospital positions.

The survey included 63 questions identifying individual

strategies that hospitals use to help strengthen physician-hospital relationships. Participants first were asked if they used each strategy. If they did, they were asked to rate the strategy's effectiveness in strengthening physician-hospital relationships on a scale of 1 to 6, with 6 being the highest score, or to indicate that "I do not know how effective the strategy is."

A book on the findings of the SHSMD/Mitretek physician-hospital relationships survey will be available for purchase in early 2006. The book will provide a detailed presentation of survey results, including effective but underused strategies, with comparative data based on hospital size, hospital location (urban/suburban/rural), geographic region, marketplace competitiveness, leadership position of the survey respondents, and so on. Also discussed will be lessons learned, identified through telephone interviews with 30 to 40 survey respondents. 

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