Hospital and Private Practice Partnerships: Which Model Is Right for You?

By Matthew Farber, MA, André Cheng, MD, PhD, and Allison Cuff, MBA

Patients can be treated in a variety of settings—traditional ones such as the physician's office and community hospital, as well as freestanding surgery and imaging centers, satellite offices of major centers, freestanding clinics, and mobile care vans. Each of these care settings provides the patient-consumer with varying treatment options, convenience, and possibly different levels of service.

Just as patients face a choice of treatment settings, today's hospitals can choose from a range of business models in delivering health care, especially in the field of oncology. These models vary greatly and are driven by community need, as well as the hospital's priorities and relationship with referring physicians. As Figure 1 illustrates, practice models range from a simple development accord between the hospital and local physician offices to a more complex employment contract for all services rendered. This article looks at three hospitals in different parts of the country, each employing variations of these models to form lasting partnerships with physicians to deliver quality care to the community.

Christiana Care Health System

Christiana Care Health System (Newark, Delaware) is in a setting with many independent physician practices. Working with this pluralistic community of private practice physicians, the health system participates in a range of cooperative relationships and joint venture models. The Helen F. Graham Cancer Center is a 60,000-square-foot outpatient cancer center on the campus of Christiana Hospital in Newark, Delaware. In one cooperative arrangement, two large medical oncology practices—one with seven medical oncologists and five nurse practitioners and the other with five medical oncologists—lease space in the cancer center. The medical oncology practices function like any other private physician practice: billing and collecting professional fees, operating their own chemo-infusion suite, and employing staff, including the chemotherapy nurses. The seven-physician radiation oncology group, also a private practice, has a mutually exclusive relationship with the cancer center that stipulates it is the only radiation oncology group practicing at Christiana Care.

While the cancer center does not employ any medical oncologists or radiation oncologists, they do employ several full-time physicians, including the cancer program medical director, a surgical oncologist, two thoracic surgeons, and a

physiatrist who heads the cancer rehabilitation program and the pain and palliative care programs.

The cancer center also contracts with physicians to lead specific programs or services. Two medical oncologists from private practices in the center are contracted to spend a small percentage of their time to lead the Community Clinical Oncology Program (CCOP) and the pharmaceutical research program.

According to Patrick Grusenmeyer, ScD, FACHE, vice president of the Helen F. Graham Cancer Center, partnering to improve services can be a win-win situation for both independent practices and the hospital system, but he emphasizes that with all forms of partnership, Christiana Care Health System is very respectful of the private practices in its community. For example, the physicians in the private medical oncology practices believe strongly in the value of accruing cancer patients to clinical trials; with an ever-increasing workload, this is often easier said than done. To aid in the accrual process, the cancer program research nurses work with physicians to enroll patients in trials. The physician must present the trial to the patient and secure informed consent; the cancer research nurse then performs much of the work to enroll and coordinate treatment for the patient on the trial. Having a practicing medical oncologist serve as principal investigator assures the appropriate trials are opened and that coordination is smooth between physicians and nurses. As a result of this coordination, the Delaware/Christiana Care CCOP is one of the highest accruing CCOPs in the country, having increased its accrual rate from 6% in 2001 to almost 30% (10 times the national average) in 2006 and receiving the ASCO/Radiation Therapy Oncology Group Clinical Trials Accrual Award.

As with any joint venture between hospital-based cancer programs and private practices, Grusenmeyer stresses the importance of continually monitoring legal aspects of the joint venture. For example, hospitals cannot provide incentives for referrals of service, because it would be a violation of the Stark and/or antikickback laws. (For more on the importance of legal counsel in the planning of joint ventures, see Resources sidebar.)

Swedish Cancer Institute

Swedish Cancer Institute (SCI; Seattle, Washington) is the cancer service line of Swedish Health Services. Today, SCI has grown into one of the Northwest's largest cancer-care

Figure 1. Partnership models.

programs, offering patients an extensive range of services, including prevention and early detection, state-of-the-art treatments, complementary therapies, and supportive and palliative care. As part of its comprehensive cancer services, SCI owns and operates a network of four radiation therapy centers in the metropolitan Seattle area.

Practice models at SCI include:

- Physicians directly employed by the cancer center.
- Professional service contracts with private practice physicians, such as the 15-member radiation oncology group and the independent pathology group, to staff the cancer center's multidisciplinary clinics.
- Medical director contracts with private practice physicians to provide leadership and administrative functions.

- Affiliate status for private practice physicians who participate in the SCI programs and refer patients for specific SCI services.

Similar to the Helen F. Graham Cancer Center, SCI studied the makeup and needs of its medical community before considering any joint ventures with private practices. Albert Einstein Jr, MD, FACP, executive director of the Cancer Institute, said his program also employs a variety of partnership models to best serve the patients and the community, from direct employment by the hospital to joint ventures for new imaging technology.

Today, SCI has 10 medical oncologists, seven surgeons, two diagnostic radiologists, two psychiatrists, and one physiatrist, all of whom the hospital directly employs. The employed

Resources

Joint ventures between hospital-based cancer programs and oncology practices are a complex prospect. The following articles offer a more in-depth discussion of alignment strategies, practice models, and legal considerations:

- Bowers ML: Strategic options for oncology practices. *Oncology Issues* 21:24-29, 2006
- Guidi TU, Hammon DK, Woelkers JF, et al: Beyond the plan: Add value to your strategic plan by making team building and education part of the process. *Oncology Issues* 21:28-34, 2006
- Dubow MJ: Time to align. *Oncology Issues* 20:24-30, 2005
- Lovitch KS: Arrangements between hospitals and hospital-based physicians. *Oncology Issues* 2005, 20:19
- Kennedy KM, Greenwalt T: Joint ventures: Why would my hospital or practice want one? *Oncology Issues* 2005, 20:26-28
- Lovitch KS, Bentfield SR: Use caution when undertaking a joint venture. *Oncology Issues* 2005, 20:19
- Berson, SW: Evaluate and structure your hospital-physician affiliations. *Oncology Issues* 2004, 19:26
- *Cancer Center of the Future*, available from the Oncology Roundtable, 202-266-5713
- Association of Community Cancer Centers, www.accc-cancer.org

Figure 2. Degree of hospital-physician alignment.

physicians see patients in the outpatient cancer center, and chemotherapy is administered in the hospital-based outpatient cancer center. The radiation oncologists, with whom the hospital has a professional services contract, work in a hospital-based outpatient radiation therapy department. They bill and collect their own professional fees, and the hospital bills facility and technical fees as it owns the facility and equipment and employs the staff. More recently, SCI purchased a medical oncology practice and has employed the physician.

Going forward, SCI is completing a joint venture with a private radiology group and the private radiation oncology practice for the purchase and operation of a positron emission tomography/computed tomography scanner. Other nuclear medicine diagnostic technologies will be incorporated into the joint venture. SCI is also actively researching a possible joint venture for the provision of new radiation therapy technologies. Einstein stresses that in approaching a joint venture, it is important to look at what relationships are best for all parties involved, not just the hospital.

Finally, Einstein states that if a hospital is having trouble getting physicians involved in certain aspects of the cancer program, offering medical directorships can help focus them on broader program goals.

Lahey Clinic

Lahey Clinic (Burlington, Massachusetts) is made up of an ambulatory care center and a 317-bed hospital in Burlington, Massachusetts; an outpatient center, the Sophia Gordon Cancer Center; and a 10-bed facility in Peabody, Massachusetts.

According to Keith Stuart, MD, chair of the Department of Hematology and Oncology at the Lahey Clinic, the program employs all of its physicians using a group practice model. The Lahey Clinic does not use outside physicians, as the hospital covers nearly all disciplines. Stuart believes this arrangement alleviates internal competition, aligns incentives, and facilitates patient care. Figure 2 presents examples of hospital-physician alignment. He also notes that competition comes from other hospitals in the region, not from local private practices.

The oncology marketplace continues to change. Cost containment efforts by insurers, decreased drug reimbursement, and the high price tag of new technologies all affect the delivery of quality cancer care. Today, more than ever before, the community of cancer providers—whether practicing in the hospital, private practice, or freestanding clinics—must partner to ensure we remain financially viable and able to meet the increasing needs of today's cancer patients. Even though there is no magic bullet for addressing the challenges associated with hospital-physician partnerships, there are a number of options available to cancer programs. Each approach must follow careful analysis of the specific situation, taking into account numerous factors, including larger cancer programs and physician priorities, current relationship status, and physician interest in alternative revenue streams.

Matthew Farber, MA, is the policy and government affairs coordinator at the Association of Community Cancer Centers in Rockville, Maryland. André Cheng, MD, PhD, is the executive director at The Advisory Board Company in Washington, DC. Allison Cuff, MBA, is a senior consultant with the Oncology Roundtable of The Advisory Board Company in Washington, DC.

DOI: 10.1200/JOP.0732505