Hospital-Physician Relationships

Taking a Proactive Approach to Building Mutually Successful Relationships

Making decisions about your professional future is not as simple as following a road map or going through a checklist. Your unique reality, personal preferences, monetary requirements, geographic location and more impact the path that you will choose to take. One size does not fit all. The focus of this article is to help you think about how hospital-physician relationships can be beneficial for all parties.

For everyone “guesstimating” changes on the horizon for oncology business in the hopes of accurately forecasting the future, there is no crystal ball. However, having insight into local and national health care, legislative, regulatory, and insurer issues and trends enables health care providers to better evaluate their options and plan successfully for their future. We live in a dynamic environment where our personal needs and the world around us change regularly. Oncologists and other providers of oncology services should evaluate their strategic plan—including their professional relationships—on an annual basis.

Today's Business Realities

At a time when payments continue to decline under the current fee-for-services system, health care providers are struggling to determine their next step to ensure their business success. Most experts agree that our health care system is in need of significant change. One potential change is migration from the current payment system to payment for a package of services provided by a smaller number of providers who offer high quality services with lower prices by eliminating unnecessary diagnostics and treatment. Another strategy for change in the health care system is redirecting the more than 30% in insurance administration fees and profits and shifting profit used for advertising and sales from manufacturers of drugs and equipment to pay for health care services. Changes like these are clearly long-term changes and will not provide a quick fix for our current payment system. It is a far more productive investment of your energy to maximize your current situation. It is critical that individual oncology providers continue to evaluate options and make changes in how they provide care in their communities, while

looking for the best business models that benefit them and their patients.

Evaluating Your Business Options

There are several key areas to consider in evaluating your business opportunities. The first critical step is a self-evaluation to better understand what you personally want and need in order for you to feel successful (see sidebar on page 73).

Once you have taken an inventory and know where you stand, you then need to know where your partners or potential partners stand. A free, frank, and polite exchange of views is best; avoid keeping secrets, which often creates disastrous endings.

Next, determine if your needs are met in your current business arrangement. If not, consider whether or not alliances with other providers would be beneficial and then devise a plan to make these changes a reality. Be proactive and discover ways to improve your professional edge. Whether you wish to advance economically, technologically, and/or competitively, you need to look beyond traditional relationships.

Consider how existing or new hospital-physician relationships can be beneficial for all parties. Although this article does not provide step-by-step details or delve into the initial steps outlined above, it does provide you with a framework for critically evaluating opportunities you may have overlooked. Regardless of your decision to change your relationships, it is important to evaluate your needs and your opportunities, as well as to openly and honestly discuss these with your partners or associates.

Keep in mind that there is no single business model arrangement for oncologists that is “best” or even suits all physicians. Every model has trade-offs. There is not one model that is guaranteed to bring you success over the next 3 to 5 years given the uncertainty about the future and the dynamics of health care. Every business arrangement also has community limitations that must be considered.

Self-Assessment: Key Questions to Consider in Forging New Relationships

- How much risk am I willing to take?
- Do I need to control day-to-day operations?
- Do I want to maximize my income?
- How much time do I want to devote to clinical practice? Research? Teaching?
- Are there trade-offs I am willing to consider?
- What do I need to do to plan for my retirement?
- What is most important to me personally? Professionally?

As you make decisions, determine if the arrangement you are choosing allows you the opportunity to meet your individual demands for personal fulfillment and success. Be diligent and keep self-evaluating, asking yourself questions each year over the next 5 years as external forces, forces over which we are powerless, change health care around us. Re-evaluate regularly and be prepared to change again; complacency is your worst enemy.

Putting the Past in the Past

In many communities strained relationships between physicians and hospitals exist because of poor business choices made in the past, current or previous personalities or leaders, or other circumstances. Often, these relationships have centered on a struggle for power and control. Hospital administrators in your community may not have interpreted the reductions in payment as an opportunity to align with local physicians; instead, they may have used this opportunity to grab power and capture business at the expense of specialists. Most likely, this approach did not work in anyone's favor or even financially benefit the hospital—it simply further alienated physicians.

Continuing reimbursement declines have eliminated deep pockets and forced hospitals to tighten their belts as well. In January 2006, USA Today reported American Hospital Association (AHA) and Moody Investors Service data regarding hospital profit margins in an article entitled, "Hospitals' Profit Margin Hits 6-Year High in 2004."¹ The average 2005 hospital profit margin was approximately 5.2%, similar to 2004 data, driven by investment income returns. The article cited that 25% percent of hospitals reported being in the red. Moody and the AHA findings indicated a median operating margin of 2% in 2004 without investment income. Hospitals cannot afford to make bad operating decisions in today's market.

If hospitals do not work towards developing win-win relationships with providers in their communities, there is likely to be a continuation of undermining the viability of

hospitals. All parties must put the past behind and create a new future that results in mutual success.

Opportunities for Change

Hospitals must recognize that one way that physicians have opted to become financially successful is to take on the delivery of expanded services in their practices. While taking on expanded services in provider practices may be an opportunity for physicians' financial success, insurers and patients have a different point of view. Unfortunately, this shift in payment and costs does not result in significant savings for the individuals or businesses that make choices regarding treatment, care, and coverage.

Hospitals may or may not be a ticket for oncologists' business success. Aligning with your local hospital may simply create a short-term opportunity. It is critical to consider many factors in planning successfully for your future.

Great changes have already taken place in the practice of oncology surgery, and it does not seem likely that these will be undone. Because of surgical volume and quality relationships, a reduction in physical locations for surgery is likely to encourage patients to limit the choices for surgical oncology treatment. Having surgery at an academic center, and the postoperative care delivered locally through telemedicine support of specialty-trained physician extenders is already taking place in many rural communities in the United States. Look for this trend to continue, to the detriment of small, community hospital surgical oncology programs.

Other oncology specialists may be pushed to a future where they are located in major urban centers affiliated with tertiary and quaternary hospital providers. Their role would be to oversee patient care in a broad geographic region via telemedicine assisting specialty nonphysician providers, rather than expanding their practices and providing all services under a fee-for-itemized service.

In the current academic environment, hospitals and physicians have not yet found a perfect stride. In all but few academic environments, there is a struggle to balance competing demands. Economically, academia is supported by physician research for basic and clinical science, teaching revenue support, and clinical practice. In days past, academicians had more flexibility to pursue teaching and research activities with less pressure to increase clinical practice hours. In recent years, this shift has resulted in a personal dilemma for physicians who now find themselves torn between academic interests and the need to produce more clinical dollars. Dr Michael Goldstein, chair of Beth Israel Deaconess Medical Center, Boston, Massachusetts, refers to this conflict as the "tyranny of the RVU (relative value unit)."

For the academic physician to survive—a critical piece of US health care’s future—it is important to increase public and private support for teaching and research, in order to balance the current need to generate revenue by asking physicians to increase clinical practice to offset costs. If an academic practice is your calling, then your energy needs to be spent on advocating for a more reasonable balance in practice focus. It is not possible to carry a caseload proportional to that of private practitioners whose focus is solely clinical practice and also be expected to teach and provide basic research. The requirement on academicians to practice in multiple venues and provide equal time for all activities is not reasonable. This is a difficult formula for academic success.

In private practice and academia, each community will offer different choices. For discussion purposes, this article discusses the short-term opportunities as if they were equal, though the authors recognize that this is not the case either from impact or prioritization of needs. Most opportunities will not improve short-term revenue gain. That is no longer a realistic option.

Dr Dean Gesme, a practicing oncologist at Minnesota Hematology-Oncology, PA in Minneapolis, Minnesota, notes that “we need leadership from hospitals as well as physicians to look beyond the immediate” and replace our “what am I going to lose mentality with focusing on mutual gains.” There is no whole plus anymore. Goals need to relate to working together for positive change. It is essential to collect the necessary data to change the environment to one that meets the needs of patients today and providers of the future. Otherwise, health care practice will continue to be shaped by the single-focused needs of insurers.

Critical Topics for Discussions With Hospital Providers

As you develop your approach to discussing your needs and expectations with hospital leaders, go beyond monetary discussions and target areas that will benefit all parties such as:

- Programs and services
- Electronic health records
- After-hours call and inpatient services

Programs and services. For the practice that is not interested in providing all of its own outpatient services, aligning with the local hospital(s) and supporting the organization by discussing programs and services for your patients can be productive. These discussions are not meant to focus on monetary support for your practice necessarily, but may result in finding ways to reduce your overhead and allow you to provide comprehensive services without becoming a mega-practice. This option may appeal to you and your lifestyle requirements.

The hospital may be willing to coordinate its service offerings for oncology with the services you currently provide in your

practice resulting in a win-win situation. The patient will benefit the most from this coordination of services and collaboration of the parties. There are many designs that benefit both parties. Open the conversation by pointing out the opportunity for the hospital. Many hospital administrators don’t know how they make money from oncology services. You can educate hospital administrators about how aligning with you can:

- Enhance their ability to recruit surgeons and specialists
- Enable the hospital to benefit by providing more inpatient surgeries
- Result in greater utilization of the hospital’s diagnostic imaging capabilities
- Ensure access to a qualified inpatient medical oncology provider
- Increase or add radiation oncology services

Even services that don’t result in immediate financial return may be significant for the hospital’s success. For example, supportive oncology services can assist the hospital’s community image and presence and enhance fundraising for other projects. Providing under- and uninsured infusion services in conjunction with the practice may allow the hospital to qualify for 340B status (see sidebar on page 75) that creates goodwill for both the hospital and the practice within the community.

Electronic health records. Hospitals and hospital systems can help physician practices with acquisition of electronic health records (EHR) and also ensure that physician practice systems can communicate with hospital systems for data management and more efficient patient care. Hospitals benefit because having common medical records enables real-time electronic data sharing, which is likely to result in greater efficiency for physician practices, enhanced communication between treating physicians and hospital service providers and physicians, and can also bind referring physicians to the hospital. It also affords physicians with an opportunity to improve their services and data collection at little or no cost.

Hospitals will not typically choose an EHR that is oncology specific. However, many hospital systems are working with their oncologists to create a workable system that is designed to meet both hospital and physician needs. Some of these EHR systems are available today at major teaching hospitals and include specialty records designed to meet needs of a particular specialty as well as integrate with the hospital record. If you are a private physician in a community with more than one hospital, consider making an alliance with one hospital in return for services or support that enhances your practice and your EHR.

After-hours call and inpatient services. Another area for hospital-physician interaction relates to rounds and support for providing hospital inpatient services. Alliances should promote quality patient-focused care that is consistent

Pitfalls to Avoid

- Being complacent
- Being reactive rather than proactive
- Believing there is only one way to be successful
- Believing there is more money without more work
- Thinking you can go back to the way it was
- Thinking there is nothing you can do, or being unrealistic about what you can do
- Looking for quick fixes
- Believing all the answers are in one relationship or one package
- Focusing on short-term gain

throughout the continuum of care. Many oncologists provide all of the outpatient support their patients need. They have an obligation to patients who require follow-up care and to those patients that are referred to physicians for consults.

Hospitals are evaluating the use of hospitalists to support primary care providers such as internists and family practitioners. Hospital administrators also want to create a supportive environment for their oncologists. It may be appropriate for the hospital to work with the oncologists to provide training to the hospitalists about the needs of patients with cancer and how best to support medical oncologists. This is definitely an area to discuss and explore as a means of helping you and your practice receive the necessary support to practice efficiently and effectively while ensuring continuity of care for your oncology patients.

As you evaluate potential alignments, take the opportunity to identify with whom (other nononcology providers) and how you wish to be allied. Who are the surgeons that select that hospital? Why? Where will the young surgeons go? Who offers the best opportunity based on objective and subjective factors? Physicians can increase the viability of a hospital they choose to support.

Think Outside the Box

There are many ways to create a “new mentality” that focuses on mutual gain for you and potential hospital partners. If you

are not fortunate enough to have a hospital administrator who is full of creative ideas and approaches to your relationship, then it is up to you to initiate the process and lead the effort. Here you are again, back to steps 1 and 2—knowing what you want and understanding what is possible to do within your existing business model. This personal knowledge and insight allows you to create a list of your needs and/or wishes given your reality to help direct your discussions with other providers as you forge new or re-establish existing relationships.

In academia, you will need to work with medical schools as well as teaching institutions. Because major funding comes from state budgets in most instances, political action may be necessary. Additionally, you will need to develop more creative options for private support.

Consider a true change in course as you evaluate your options. Think outside the box! Remember that it is unlikely that you will have different outcomes if you continue to maintain the same relationships with the same institutions and follow the same processes.

Physicians should step forward as leaders to promote not only their personal financial success, which is sure to be short-lived if that is the only goal, but more importantly, to lead the advancement of medical practice and care through collaboration with potential health care partners in the community. Avoid knee jerk reactions from the past and focus on the future by opening up discussions that allow you to explore opportunities that will benefit you, your patients, your partners, and your community.

What do you want the hospital to provide? How local does the hospital need to be to provide the services and support your needs? What is necessary to provide the optimal care for cancer patients? How can you provide affordable quality services? How can you provide care to the growing indigent and under- and uninsured patients in the community? What do patients want? How can you give it to them?

Patients seek convenience and want to have all cancer services in one location. A patient-focused multidisciplinary team

340B Drug Pricing Program

The 340B program began in 1992 when Congress enacted Section 340B of the Public Health Service Act and required pharmaceutical companies to provide discounts for drugs purchased for the outpatient department. Section 340B limits the cost of covered outpatient drugs to certain federal grantees, federally-qualified health center look-alikes and qualified disproportionate share hospitals. Significant savings on drugs may be possible for entities that participate in the program.

As part of the Act, the initial qualification for participation in the 340B program is the determination of the “disproportionate share adjustment percentage” for the hospital. Although 340B pricing is based on the hospital disproportionate share, the drugs are only for use in the outpatient department.

approach is preferred particularly at the beginning of diagnosis, disease management, and treatment. Oncology and surgical providers need to coordinate services and care to ensure optimal patient outcomes. Working together, physicians and hospitals have an opportunity to refocus

health care and make changes that result in improved programs and services for cancer patients.

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Reference

1. Appleby J: Hospitals' profit margin hits 6-year high in 2004. USA Today, January 4, 2006. http://www.usatoday.com/money/industries/health/2006-01-04-hospital-profits-usat_x.htm

SAVE THE DATE FOR THE ASCO-EORTC-NCI ANNUAL MEETING ON MOLECULAR MARKERS IN CANCER

The second annual meeting on Molecular Markers in Cancer, hosted by ASCO, NCI, and EORTC on October 30-November 1, 2008, in Hollywood, FL, will bring together clinicians, pathologists, researchers, and others to accelerate progress in the rapidly advancing field of cancer markers. Evidence-based cancer diagnosis and treatment depends increasingly on the development of new molecular markers for the assessment of prognosis, treatment selection, and agent development. In conjunction, a Diagnostic Development Tutorial will be held on Oct 29-30, 2008. For more information, visit **www.molecularcameeting.org**.

April 2008: Abstract Submission Begins.

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