Legal Corner

Clinical Co-Management: Hospitals and Oncologists Working Together

By Paul F. Danello

The Centers for Medicare & Medicaid Services (CMS) and almost every major health care trade organization or third-party payer have launched a focused quality initiative of some type. Physicians and hospitals prepared to prove their superior quality will have a leading role in establishing relevant benchmarks and metrics for quality performance. Reactive providers will be judged simply by the established standards.

Defining quality care, beyond the quality-award-of-the-week approach, will likely require tighter integration of physician practice and hospital infrastructure. Here, I outline a new legal construct for this integration.

Clinical co-management is an important new model for the integration of physician and hospital management of clinical services. In this arrangement, physicians provide medical management services with a hospital at a level substantially beyond conventional medical director agreements. Clinical co-management arrangements are typically structured between an organized group of oncologists (or other physicians) and a health care system. The oncologists are engaged to assist the health care system in the management of certain elements of its inpatient and outpatient service line to make the service line more competitive in a targeted market. A critical feature is the existence of a written agreement, which governs the relationship.

Clinical co-management arrangements directly involve oncologists as participants in the day-to-day management of the hospital's clinical operations. One of the positive attributes of the clinical co-management model is the substantial clinical and operational input the physicians typically have. Such input helps align the physician and hospital interests and achieve quality in patient care.

For example, the agreement with the hospital typically requires direct physician participation in the design and

oversight of annual clinical capital and operating budgets, the development and implementation of clinical strategies and business plans, the efficient delivery of physician and clinical staff services, the periodic assessment of the quality of patient care delivered, the measurement of patient satisfaction, and the development of clinical outreach programs.

Clinical co-management arrangements may be designed with a specific quality emphasis. In the clinical quality improvement setting, the physicians provide leadership and clinical consulting services designed to develop quality performance improvement plans and to help implement and execute those plans. For example, clinical co-management arrangements may be used to create durable alliances between groups of independent oncologists and acute care hospitals. In a more integrated setting, a quality incentive pool may be used to fund a nonqualified deferred compensation program for participating physicians. Where nursing recruiting and retention are key priorities, a quality-based retention incentive may be used to reward nursing units for improving patients' clinical outcomes while achieving high marks for patient satisfaction.

A clinical co-management arrangement typically divides physician compensation into two categories: hourly compensation for clinical program supervision; and a performance bonus based on approved objectives including clinical quality, clinical outcomes, patient satisfaction, referral-doctor satisfaction, and measurable improvement in operating efficiencies. Compensation is also subject to a predetermined annual cap. Additionally, clinical co-management arrangements can be constructed in conjunction with gain-sharing activities. For more information, see the November 2005 Legal Corner, "Can Hospitals Share Cost Savings With Their Oncologists?" (J Oncol Pract 1:152, 2005).

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