



Prescription for Identifying
and Growing Physician Leaders

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Highly successful organizations in every economic sector across the country all share one overarching characteristic: stellar leadership. At every level of the organization, high-performing enterprises have developed and cultivated a pipeline of leaders to continuously transform their business, embrace change and perpetuate success.

In healthcare those leaders were most often administrative or operational specialists with master's degrees in public health, business administration, finance or other related areas. However, hospital leadership now is coming from new avenues within the physician community. With the evolving transition from a fee-for-service environment to a pay-for-performance model changing the mix of competencies needed to lead in this era, the entire dynamic for hospitals is shifting. Many recognize the pivotal insight that a physician point of view can bring in affirmatively managing and addressing this highly dynamic evolution.

With the passage of the Patient Protection and Affordable Care Act (PPACA) and the Supreme Court's upholding of most provisions of the law, hospitals today are facing an overabundance of transformational changes as a result of healthcare reform. The new environment represents a seismic shift in the way the American healthcare industry cares for its citizens. One of these is the introduction of the accountable care organization (ACO).

The underlying premise of an ACO model is supported by the Institute for Health Improvement's (IHI) Triple Aim initiative for optimizing health system performance. IHI has concluded that new designs must be developed to simultaneously pursue three dimensions:

1. Improving the individual experience of care, including quality and satisfaction.
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2. Improving the health of populations.
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3. Reducing the per capita costs of care for populations.

The ACO model puts hospitals and physicians that choose to participate at financial risk for caring for a defined population, effectively incentivizing providers to keep patients healthy so they don't require as much episodic or chronic care. Included within that model are initiatives aimed at preventive services and better coordination of care all across the continuum to reduce costs. But even for those organizations that opt out of forming an ACO, the mandate is clear: hospitals and physicians must work closely and collaboratively to engineer the delivery of quality care more cost effectively than ever before.

THE GROWING IMPORTANCE OF PHYSICIAN LEADERSHIP

The leadership characteristics necessary to successfully meet the objectives of ACOs and to support population health initiatives have changed in this new environment. Health systems will need the engagement, cooperation and support of their physicians if they are to successfully transition to an ACO model of delivery. Hospitals will need the clinical expertise of physicians to help develop information systems, identify best practices, and lead clinical integration and collaboration between allied health professionals across the continuum of care. Having physician champions as mere figureheads will no longer be enough. It is critical that hospitals develop a new wave of physician leaders as business partners on the journey to becoming a successful ACO.

The concept of developing physicians as leaders is not new. A 2005 study of senior executive members of the American Medical Group Association found that only 36 percent had confidence in the efficacy of their physician leadership pipeline. Yet 70 percent were more engaged in physician leadership development than in the past.

While some health systems recognized the need for greater physician involvement in operations early on, it is still not the norm. In a recent HealthLeaders Media Industry Survey, 66 percent of health system CEOs said that no more than one-tenth of their senior leadership team was comprised of physicians. Slightly more than half (52 percent) had a formal chief medical officer involved in strategic planning.¹

¹ http://www.healthleadersmedia.com/pdf/survey_project/2012/CEO_2012_f.pdf

A CHALLENGING TRANSITION

To be sure, developing physician leaders can be a complicated process. Physicians are trained to be independent decision makers. Their entire education has been focused on the management of patients and not the management of systems, operational programs or organizations. Most medical school curricula do not include any formal training on basic principles of business or running a practice, much less a multi-million dollar enterprise. As a result, the learning curve for physicians can be steep.

From the practicing physician's perspective, it traditionally took time and produced little, if any, monetary benefit to be involved in strategic planning, operations or governance. For that reason it has been difficult to coax physicians to volunteer to sit on boards and committees. Any tangible benefits are usually not realized for months and, for clinicians who are accustomed to seeing outcomes relatively quickly, the reward may not be worth the effort.

But even that scenario is shifting. With more than half of new physicians entering the field as salaried employees, the potential pool of physician leaders has grown exponentially larger. Healthcare organizations have never seen a better time to develop the critical pipeline of physician leaders aimed at forging collaborative relationships with administrative leaders.

IDENTIFYING AND DEVELOPING PHYSICIAN LEADERS

While the process of finding effective physician leaders and other high-level members of the executive team may be similar, there are key differences as well. Differences lie in:



IDENTIFYING POTENTIAL TALENT AND THE WILLINGNESS TO SERVE

Being a great physician doesn't necessarily mean that a candidate will be a great leader. Without basic business skills and good interpersonal communications, a physician will be ineffective as a leader. And just as important, there must be an interest and a willingness to serve.

Where can potential candidates be found? Looking for physicians who have taken on progressively responsible leadership roles within the traditional medical staff framework may be a good place to start. Committee leadership provides physicians the opportunity to learn and develop the skills necessary to be strong leaders. Look at a candidate's track record on a medical committee, such as how consistently he or she participates and engages with other people. This is a litmus test to identify innate talent that a physician may have toward leadership. In addition, residency and fellowship candidates in training may be a source of potential leaders. New graduates applying for salaried positions may also be a source of new talent.

A reliable framework of key attributes can be useful in the selection of physician leaders. Key attributes of highly effective leaders include:

- **Business insight** – Leaders need financial acumen, negotiation skills and the ability to engage in conflict resolution.
- **Executive decision making** – Effective leaders have the ability to synthesize a barrage of information and understand what it means in order to drive positive change for the organization. It requires a combination of tools and traits that are needed for making sound, informed executive decisions. These are covered in more detail in *Mentoring and Coaching Physician Leaders*.
- **Strategic planning and innovation** – Leaders need an understanding of how strategic planning impacts the overall transformation and success of the business over the short and long term. It can be a complex process that involves many stakeholders. But planning in and of itself is meaningless without a vision to motivate stakeholders and fresh perspectives to attain the desired results.
- **Human factor** – The biggest factor driving success is the *human factor*. The best strategic plans only come to life when the right people are charged with implementing them. Because human interaction will make or break a plan, it is important to pay significant attention to how well physician leaders are trained and how management and physician leaders are interacting with each other.
- **Execution for results** – Leadership is not concepts or principles; it is creating results based on the vision and the plan. Execution for results requires decisiveness on what the organization stands for and consensus on where it needs to go to attain its "true north."

Physician input is vital to defining and achieving the organization's strategic vision, developing and implementing business growth initiatives, and facilitating the development of strategic business partnerships.

PLACING EMERGING CANDIDATES IN LEADERSHIP ROLES

Health systems may opt to “grow their own” by offering a potential leader the opportunity to develop a new service line or start a small business unit. Give the physician full authority to manage the bottom line, and be prepared to provide close guidance and education on key business principles.

Physician input is vital to defining and achieving the organization's strategic vision, developing and implementing business growth initiatives, and facilitating the development of strategic business partnerships. The challenge is in helping physicians understand these strategic imperatives from the point of view of both the accountable care organization as well as hospital operations.

For physicians who are new to healthcare administration, the culture shock can be enormous. A structured on-boarding process provides many benefits long term and helps improve the physician executive's ability to produce desired results faster. It helps the new executive understand the organization and clarifies expectations. The goal is to accelerate the physician leader's integration into the organization and the new role, enabling them to perform at full potential more quickly.

Hospital executives would do well to point out to new physician leaders that the analysis of an organization's current health is in practice similar to that of diagnosing a patient. Physicians look at a patient's vital signs – weight, blood pressure and temperature. These and other metrics offer a reliable snapshot of a patient's health. Similarly, the financials of an organization are simply a way of taking a pulse on the health of a business. Learning to read a spreadsheet for a physician is no different than an administrator learning to read a blood glucose metric. This analogy may be useful for physicians who are becoming familiar with the tools required to run a health enterprise.

Immersion in the key principles of healthcare management often becomes another residency for physician leaders. Physicians need to be well versed in marketplace dynamics such as the shift in insurance costs from employers to employees, and how governmental initiatives impact the financing of care. They need to be able to extrapolate what marketplace trends mean for the organization as well as the physician community, and how best to use that information to affect positive change. Like the rest of the management team, physician leaders need to synthesize large amounts of information and translate it into “what it means to us and the community we serve.”

MENTORING AND COACHING PHYSICIAN LEADERS

The physician on-boarding process is critical to the new leader's success. The process should include the cultivation of critical interpersonal skills as well as exposure to tools and tactics that help lead to success. Special attention should be devoted to:

- »» **Access to high-quality data.** Good business data allows practitioners to really understand the marketplace and organization, in much the same way they do with good clinical data. Physicians should be educated on how to interpret the metrics of healthcare operations as well as quality data, financial systems, marketplace statistics and more.
- »» **Advanced technology and training.** Access to quality information systems is crucial to improved decision making. Though advanced technology may place additional pressure on physician leaders, the right tech solutions and analytical dashboards empower the user to make more strategic decisions. Physicians should be trained to make full use of them and feel comfortable using data for scenario planning, staffing, financial projections and more.
- »» **Sound judgment.** Decision-making processes need to leverage the strengths of human intuition. Data does not run companies; people do. Working from a posture of defensiveness is much more difficult and costly for a hospital than working from a posture of offensiveness, where it is understood that change is constant and proactively managing it is the norm.
- »» **Trustworthiness.** Being able to establish transparency and trust is essential for consensus building. It is built over time and can be destroyed in an instant. Physician leaders must recognize that one of the most important elements of trust is transparency. Withholding information tends to foster distrust and suspicion and can be highly detrimental to overall credibility in the long run.
- »» **Flexibility.** Physician leaders need to accept that healthcare operates in a constantly changing environment, and many of the dynamics affecting it cannot be controlled. A key employer may raise a deductible for employees. A competitor may open a clinic across the street. Accepting constant change can be a difficult realization for physicians who are accustomed to running their own practice.

The CEO and other members of the C-suite should check in frequently with new physician leaders and provide feedback. Optimally, senior executives should engage physician leaders in frequent and ongoing communications regarding their goals and their own vision for themselves. Alternatively, senior executives should maximize the talents of experienced physician leaders in mentoring younger physicians who are new to leadership.

*The physician on-boarding process is critical
to the new leader's success.*

PHYSICIAN LEADERSHIP ACCOUNTABILITY

Set goals and timelines for hiring, training and ongoing evaluation. It will be important to employ a vision of where the organization needs to be in six months, a year, and three years and the role the physician executive will play in that evolution. It will be equally important to define what the measures of success will be for this key role. Some suggested measures include:

1. Enhancing quality and safety initiatives that result in targeted improvements in patient care.
2. Establishing new collaborative relationships that result in new clinical strategic programs and services.
3. Engaging both formal and informal physician leaders in system-wide planning, strategy, and goal setting of programs and services that benefit the future direction of both the system and the medical staff.
4. Establishing performance standards for medical directors and department chairs.
5. Representing the system as the official medical spokesperson.
6. Advancing negotiations with employers and insurers on innovative payment models.

BRINGING A PHYSICIAN LEADERSHIP PROGRAM TO LIFE

Identifying, developing and supporting physician leaders will be a strategic imperative for all progressive health systems. This can be done in four key steps:

- ✓ Those who are in the beginning phases of developing meaningful physician leadership roles should start by defining their goals, much as they do in their strategic plan.
- ✓ Assure the entire management team understands and can communicate the critical nature that physicians will play in system operations in the future.
- ✓ Define the strategic and operational duties that will be performed by the incumbent, and create a well-defined position description.
- ✓ Consider current functions being performed elsewhere in the organization that should be the purview of the candidate as well as any new roles to be developed.

In reality, leadership skills take years to develop. The most successful healthcare organizations have created an academy environment to cultivate a pipeline of new physician leaders. This environment can be achieved through an initial “Academy Session Workshop” that addresses concepts such as fostering innovation, adoption and use of emerging technologies, strategic road mapping, and more, depending on the hospital’s long-term objectives. Immersion in an academy environment allows physician leaders to take complex new concepts and bring them to life by using flow sheets, working models or concept papers to test the impact of new initiatives. It also motivates new physician leaders and helps build collaborative partnerships that both motivate and inspire innovation. Ongoing academy workshops held periodically throughout the year will help reinforce current concepts on leadership and innovation while introducing new ones.

CONCLUSION

In the era of ACOs and the transformation of the American healthcare system, hospitals will have a heightened need for stellar leadership. And having physician leaders as equal partners in operational and governance issues will not only be important, it will be a mandate. Some progressive health systems around the country have already been successfully aligning the business interests of the hospital with the clinical interest of its physicians. These forward-thinking organizations have made real strides in quality, cost efficiencies and outcomes by developing physician leaders who can be valuable additions to their operations team.

Health systems should take a thoughtful, strategic approach to selecting and developing the right physician leaders who can foster collaboration, provide the medical staff view on operations and patient-care issues, and advance the goals of the organization. Without physician leaders, health systems will find it difficult to thrive in the era of healthcare reform. But when physicians and hospital leaders come together and collaborate in a meeting of the minds, it benefits everyone – most importantly, patients.

Physician vs. Executive Leaders

It is important to remember the different skill sets and training of physician leaders and executives with administrative backgrounds:

Physicians:

Action-oriented
Work autonomously
Reactive decision making
Minimal business training
Robust clinical training
Focus on patient outcomes

Executives:

Forward looking
Work collaboratively
Proactive decision making
Robust business training
Minimal clinical training
Focus on operational/financial metrics

QUALITIES OF EFFECTIVE PHYSICIAN LEADERS

The best physician leaders possess the following characteristics:

1. The ability to see the **“big picture”** from a system perspective, rather than from a hospital-centric point of view.
2. Business **insight**, including financial acumen, negotiation skills, and talent for conflict resolution.
3. Executive **decision-making** skills and processes.
4. An **understanding** of strategic planning and the drivers that affect the business.
5. An unwavering **focus** on patients and quality care.
6. Finely tuned **partnership** or interpersonal skills – excellent communications skills, an ability to articulate a clear and compelling shared vision, and the ability to consider opposing viewpoints.
7. The willingness to get out of the office and **engage** with others.
8. Excellent **multi-tasking** skills.
9. A commitment to **learning** – and functioning within – the business of healthcare.
10. Strong ability to **coordinate** – various stakeholders, skills of others, etc.
11. The ability to **motivate** others.

FHN Memorial Hospital in Illinois experienced an *increase in referrals* after initiating in-depth conversations with its general surgeons and referring physicians.

During onsite visits the physician relations specialist identified 30 separate issues that were frustrating doctors, making them less likely to refer patients for surgeries. The issues fell into five broad areas: the appointment/scheduling process, communication between physicians and hospital personnel, patient fees and billing, business development opportunities, and patient care. By addressing these issues the hospital was able to increase its surgeries and hit their *highest level of productivity* for the year thus far.

AEGIS PRM PROGRAM: CREATING GREAT PHYSICIAN LEADERS AND BUSINESS PARTNERS

There has never been a time in the history of American healthcare when creating and maintaining stellar physician relationships has been more important. For years Aegis Health Group has been the acknowledged leader in working with hospitals and health systems to create greater engagement and closer collaborations with their primary care and specialty physicians. Aegis' Physician Relationship Management (PRM) program offers consulting expertise coupled with powerful tools for engaging physicians.

By serving as the eyes and ears of client organizations, our dedicated physician relations specialists strengthen loyalty and positively influence referral patterns by meeting the doctor's needs and professional goals. One-on-one interactions with key physician prospects as well as current medical staff members enable our consultants to identify issues that may preclude a physician from referring patients. Our proprietary physician relationship management software system, PRISM, is designed specifically to manage physician relationships, interactions and needs as well as positively resolve issues.

In many cases Aegis consultants are the first connection between a potential referral source and the health system. Aegis' PRM model provides a structure that is highly focused and allows hospitals to identify new growth markets and target physicians who could drive new referrals. Once a prospect is recruited, ongoing interaction helps ensure the physician's loyalty and the likelihood of referrals.

Part of the initial recruitment process also includes identifying potential physician leaders who can broaden the depth and scope of competencies in the C-suite. Aegis can manage the entire physician on-boarding process to create an environment in which new physician leaders can flourish and have a positive impact on the organization.

MISSION HOSPITAL AND THE WOMEN DOCTORS OF S. ORANGE COUNTY

Aegis was able to generate significant growth in the number of aligned physicians for Mission Hospital in Southern California. Women Doctors of South Orange County (WDSOC) is a network of women doctors affiliated with the hospital. WDSOC meets quarterly to share relevant clinical and practice management information, receive updates from the hospital, and participate in continued medical education on topics chosen as relevant to the physicians and their practices. The physician relations specialist assigned to

Mission Hospital has grown the group 100 percent since it contracted with Aegis Health Group to manage its physician alignment strategy. To date, 110 female doctors have enrolled in the group. The hospital holds four networking events and four board meetings per year — coordinated through Aegis — to help strengthen referral relationships among the female doctors. Mission Hospital has begun to leverage these relationships created to better engage female physicians and identify strong candidates for leadership roles.

New Models of Care Mean New Models of Leadership

New payer models dictate new models of leadership to be strong and successful. The physician's role will shift in the pay-for-performance scenario. Physicians will provide the leadership necessary to develop protocols and policies and procedures to best manage care while reducing cost and recidivism. Providing care based on quality and outcomes requires a close coordination with other medical providers as well as business and executive leadership.

Physicians will be required to work seamlessly in clinical teams to achieve full coordination of care. These teams will need to function at their highest levels to collaborate and optimize new models and delivery of care to achieve the three primary goals in a fee-for-performance environment: **1. Medical Quality, 2. Patient Outcomes, and 3. Cost Reduction and Containment.**

Physicians will provide leadership and education to their peers regarding the direct financial impact of poor quality and outcomes. Physicians will be required to communicate and act proactively instead of reactively with patients. Physicians will need business acumen to contribute meaningfully and successfully in an accountable-care environment. They will be called to assist in the negotiation of contracts and in the creation of work, processes and reporting flowcharts to achieve overall accountability.

The economics of healthcare will never be divorced from the identification, management and tracking of outcomes and quality. Hospital and physician groups should partner together to create MD business and leadership academies thereby creating and growing their own pool of future physician leaders.

Learn more about how the Aegis Health Group PRM program can generate measurable results for your organization at: www.aegisgroup.com/contact-us or call 800.883.0090.

REVENUE GROWTH STRATEGIES FOR HOSPITALS

Aegis Health Group has assisted hundreds of hospitals with proven-effective business development strategies for more than 20 years. Aegis' data-driven Physician Relationship Management strategy creates strategic alignment between hospitals and medical staff to drive service-line growth, enhanced patient care, and quality and timely issue resolution. Our strategic Population Health and Employer Relationship Management solutions enable hospitals to grow market share and revenue by identifying and intelligently managing the health risks of local consumers and employer groups within the community they serve.

Today Aegis' program can be found in many of the community's most forward-thinking for-profit, nonprofit and academic medical centers across the country. No other company has been able to match the breadth of services, track record and bottom-line proven performance of Aegis' business development strategies.

Using proprietary software, Internet applications, data aggregation systems, educational initiatives and the skills of a talented team of associates, Aegis' approach provides a synergy through which everyone wins:

- > **Hospitals win** by positioning themselves as central to the community's healthcare solutions and by retaining the best local physicians who drive market share into their facility.
- > **Physicians win** through increased opportunities to influence hospital leadership, grow their practices and provide quality services to their patients.
- > **Employers win** by fostering a healthier workforce, which lowers health-related costs and increases productivity.
- > **Patients win** through greater access to hospital services and programs which lead to a healthier lifestyle.
- > **The community wins** overall through improved health, which is the foundation for business and economic growth.



 Check out the Aegis Blog: www.aegishi4.com
HI4: Hospital Intel, Insight, Innovation, Impact