

Positioning Physicians for a Prosperous Future

This not-for-profit acute care hospital was experiencing typical challenges with its physician relations, those practices managed by the hospital and those with independent physicians. In an effort to improve physician relations, the hospital commissioned an operational assessment that revealed hospital leadership was not adequately staffed to support physician practice management. Additionally, billing services provided to the physicians' clinics were underperforming and were not able to adequately collect revenues due to physicians.

According to B. E. Smith research, 40 percent of healthcare executives said they have a senior-level executive dedicated solely to physician practice management.

The Path to Profitability

The hospital's chief executive officer called on B. E. Smith to provide an Interim Physician Practice Professional for a six-month engagement to implement the findings of the operational assessment, as well as provide leadership and daily management expertise to office staffs.

During the Interim Professional's engagement, changes were made that, while difficult, were necessary to establish a positive future direction for physicians. During the engagement, net collections ratios for all practices rose from below 80 percent to approximately 90 percent and climbing. In addition, the Interim Professional identified an opportunity to consolidate two office management positions, which allowed the organization to better manage the practices, as well as create a more effective billing and collection process. As a result of this transition, both the practice's operations and physician satisfaction improved.

The Interim Professional worked with physicians to develop a structured monthly agenda for regularly scheduled meetings to review key indicators that affected their practice. When clinicians in one specialty practice were presented with cost versus reimbursement data for various drug therapies, they realized they could change their practice patterns to maintain quality but still provide their patients with a lower cost of care.

Challenge: Physician practices managed by the hospital lacked a strong, focused strategic direction to improve their financial and operational performance. Physician practices not managed by the hospital were looking to the local hospital to provide their staff assistance with medical billing and third-party contract negotiations.

Solution: The Interim Professional implemented a central business office dedicated entirely to support, billing and collection services for physician practices. The revenue cycle

4 essential tips

Tips to Enhance Physician Alignment Strategies

- **Hire** a person with a proven track record and specific physician practice management experience.
- **Dedicate** someone solely to managing the physician practice because it's a full-time job, and then some.
- **View** your physician enterprise as a strategic investment, just like bricks and mortar and the latest, greatest technologies.
- **Provide** a centralized business office and other necessary infrastructure to ensure success and return on your investment.

staffs were consolidated at one location to ensure that all phases of billing and collections are performed daily.

Challenge: The contracting, financial accountability and compensation processes for managed physician practices presented numerous opportunities for improvement.

Solution: The Interim Professional standardized the contracts associated with managed physician practices and implemented key accountability measures, as well as a new compensation model appropriate to the physician specialty.

Challenge: The Interim Professional was convinced that the managed physician practices needed to stand independently as a dedicated division — not be treated as another department among many hospital departments. To be successful, an executive-level position dedicated solely to the success of this physician enterprise was required.

Solution: Senior leadership agreed with the external assessment, felt that the Interim Professional was a natural fit to the organization and asked him to accept the permanent position overseeing Physician Practice Services. The Interim Professional, who admired the CEO's philosophy and felt the organization was a good fit, accepted the position.