

How Can Physicians and Hospitals Both Succeed When They Compete and Collaborate at the Same Time?

WHITE PAPER



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A senior physician from the largest cardiology group sat down in the hospital CEO's office. "Bill," he began, "I'm sorry to tell you this, but our group is going in with the cardiac surgeons on a cardiovascular specialty hospital. We'll be breaking ground in two months. I just wanted you to hear it from me first."

The CEO sat stunned. He quickly calculated that cardiology and cardiac surgery accounted for 30% of the hospital's total income. "If you pull cardiac services out of this hospital, we won't be able to make it. The hospital will have to close."

"Our consultants told us you'd say that. They ran the numbers. You'll have to do some serious belt tightening, but it looks like you'll squeak by."

"Squeak by? We'll have to do drastic cutbacks. Large layoffs. Any extras we do for the community that don't bring a financial return will have to go. We won't be able to invest in new equipment or our physical plant for years to come. Why are you doing this?"

"Well, we've been hit with severe Medicare, Medicaid, and managed care cutbacks."

"So has the hospital."

"Our operating expenses have skyrocketed, especially liability insurance."

"The same is true for the hospital." Their eyes locked. After a long silence, the CEO said, "Does it have to be like this, or can we find a way to work together?"

This scene, and similar ones with orthopedists, gastroenterologists, radiologists, and others, is playing out in communities across the country. On the one hand, this is our country's free enterprise system at work. Creative, energetic individuals are finding willing capital to invest in new services and businesses to better meet the demands of consumers. As a patient, who wouldn't want to receive care at a hospital or ambulatory center that specializes in your condition, especially if it can claim to have the best physicians in the specialty you need? As a physician, who can blame you for wanting a more efficient workshop with the equipment and staff you need? And who is

to stop physicians from experimenting with creative ways to reverse the loss of income, status, and control they have suffered over recent years?

On the other hand, this may be a classic case of people making decisions that on an individual basis appear to serve their interests, but, when everyone makes the same choice, leads to everybody losing. Ecologist Garrett Hardin calls this the tragedy of the commons, because the archetypal example is townspeople who set aside a public commons for grazing livestock. This free but publicly shared resource is available to all the farmers in the town. Each farmer has an incentive to bring their livestock to graze on the commons because they will grow, reproduce, and bring food and income for the farmer's family. But if everyone maximizes how often and intensively they graze their livestock on the commons to optimize their own financial rewards, the commons will be eaten barren, and then none of the farmers will be able to use it.

The underlying dilemma in the tragedy of the commons may be understood as the tension between the individual and the community. When one individual acts in his or her self-interest, it may adversely affect the community, ultimately having a negative effect on the interests of the individual. This has been shown mathematically in the work of John Nash Jr., which was depicted in the movie *A Beautiful Mind*. (You may recall this mathematical breakthrough was sparked by his experience in a bar as part of a group of eager young men hoping to go home with one of the beautiful women who had just entered the bar. He proved mathematically that if each of the men acted in their own self-interest, more of them would go home lonely that night than if they cooperated with each other.)

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- So which is more important, the individual or the community? Imagine trying to have one without the other. Every individual can only thrive within a community (unless you are Thoreau). But every successful community must be composed of successful individuals. One without the other would be impossible. Deciding which is more important, the individual or the community, is not a solvable problem.

The problem is, we are all great problem solvers, especially physicians. So we will approach any challenge as a problem to solve. The tougher the challenge, the more we try to solve it. Problem-solving thinking involves either/or thinking. We seek to find the answer or the solution to a problem, such as determining a patient's diagnosis and best course of treatment, or how to achieve a better income and control over a clinical practice.

Either/or thinking is a powerful tool when applied to the right kind of problem. But if you apply problem thinking to an unsolvable problem, you make it worse. This is what happens in the tragedy of the commons. By choosing self-interest over community interest, the self and the community suffer.

The challenge of balancing the interests of individuals and the community is an example of an unsolvable problem. Unsolvable problems are not only unsolvable, they are indestructible and won't ever go away. The best we can hope to do with an unsolvable problem, sometimes referred to as a polarity, is to manage it. The tension between physician and hospital success is an example of such a problem. Our goal should be to manage it better tomorrow than we managed it yesterday. Unfortunately, that is as good as it gets with an unsolvable problem.

Polarity Management™: How to identify and manage unsolvable problems

That's where Polarity Management comes in. Polarity Management is a powerful approach to identifying and managing unsolvable problems developed by Barry Johnson, PhD. In fact, many of the most important challenges faced by physicians and hospitals today, such as physician success vs. hospital success, quality vs. cost, patient safety vs. provider autonomy, and standardization vs. customization of patient care, are polarities to manage, not problems to solve. The challenge of EMTALA and ED call is another unsolvable problem, pitting physician, hospital, and community interests against each other. The success of your physicians and your hospital, as well as the quality of care you ultimately provide to your community, will depend on how well you manage these and other important polarities you face.

As more people in your hospital learn how to use Polarity Management, it will become an indispensable tool in helping everybody manage the toughest challenges you face.

- Polarity Management provides a practical, step-by-step process for identifying when a particular challenge is a polarity to manage, rather than a problem to solve, and how to bring the key stakeholders together to better manage the polarity. As more people in your hospital learn how to use Polarity Management, it will become an indispensable tool in helping everybody manage the toughest challenges you face.

A road map to better physician-hospital relations today

How can physicians and hospitals create better relations between them? How can they best achieve the goals of physician and hospital success simultaneously?

It requires physician and hospital leaders to collaborate on managing this unsolvable problem better going forward than they have in the past. It involves learning new skills, such as Polarity Management. It requires determining what steps must be taken to build or rebuild the level of trust necessary for physicians and the hospital to collaborate in this effort successfully. Finally, it requires recognizing that the old social contract between physicians and hospitals has unraveled. A new social contract that fits today's environment, a renegotiation of the "give and get" between physicians and hospitals, as Jack Silversin describes it, will have to be developed to replace it. ■

