

Tackling the Challenge of Physician-Hospital Relations: A Step-by-Step Approach

WHITE PAPER



William K. Cors, MD, MMM, CMSL, FACPE, Vice President of Medical Staff Services, The Greeley Company

It seems that conflict is the fastest-growing product line in contemporary healthcare. Medical staff leaders, of necessity, must become comfortable with navigating these potentially treacherous waters. This paper offers practical approaches and strategies designed to help medical staff leaders understand and begin to grapple with the real day-to-day issues encountered.

Beginning with the end in mind, the following are some snapshots of what successful outcomes might look like when conflict issues are improved:

- A formalized medical leadership academy with defined curriculum, supported by physicians and hospitals for the teaching, training, and development of physician leaders
- An explicit compact between physicians and hospitals, defining mutual expectations and behaviors
- Groups able to work and play together, with trust growing from structured access
- A shared vision of success and the communication skills necessary to engage in conversations about present and future states

Compare this to the current reality in many organizations. What often exists is unmanaged conflict, poor communication skills, lack of trust, and an absence of respect. It is a real observation that conflict in healthcare is a growth industry.

The Greeley Company has developed a ten-step approach to improving physician and hospital relations. A central theme underlying this ten-step proactive approach is communication on multiple levels, in varied forums and as part of an ongoing commitment to leave things better than we find them.

Step 1: Acknowledge that physicians are customers, partners, suppliers, and competitors

The first step is to acknowledge that physicians are simultaneously the customers, partners, suppliers, and competitors of hospitals. This is clearly a “get over it” moment for most management.

To make progress in this new environment, the change must first be acknowledged, discussed, and understood. Only then can progression occur.

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- The ability to manage conflict is a necessary skill to approach this new paradigm. Physician and hospital leaders need to learn to distinguish which problems are “either-or” and which problems are unsolvable and require training in Polarity Management™. The ability to manage the following polarities is critical to success:
 - Physicians are both customers and suppliers
 - Physicians are partners to be worked with in a collaborative fashion and, simultaneously, competitors for shrinking healthcare dollars
 - Physicians are independent practitioners, part of a long tradition of medical professions, and yet mutually accountable to each other for the quality of care rendered by individuals granted privileges at the hospital

Step 2: Heal the past

To move forward and succeed, the past must be healed. To achieve this, several things must occur:

- Name the past perceived injuries
- Agree to “no playing old tapes”
- Work through the polarity of impact and intent

As will be seen in the next steps, tools for success include multichannel communication, development of physician leadership competencies, negotiation skills, strategic thinking, and specialized tools, including Polarity Management.

Step 3: Create a shared vision of success

Physicians and hospitals must create a shared vision of success. Efforts to align physicians and hospitals toward a common purpose often prove difficult. These groups have different beliefs about what is important, possess conflicting perspectives on who they are, and often perceive each other as distinct or threatening.

The first necessity is the development of a medical staff strategic plan. Virtually every hospital with which The Greeley Company has worked has a strategic plan; conversely, few physician medical staffs do. Strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization or group is, what it does, and why it does things. The medical executive committee should charter the development of:

- **A mission statement**, which is a precise statement of purpose. The Greeley Company teaches that the fundamental purpose of the medical staff is to monitor and improve the quality of care, which is primarily dependent upon the performance of individuals granted privileges.
- **A vision statement**, which answers the question of how things would look if the medical staff hit a home run, fulfilling its mission.

The Greeley answer to that is a truly effective medical staff form and function; indeed, much of our work with physicians and hospitals is teaching how to achieve that effectiveness.

The second necessity is to acknowledge that the old medical staff development plan based on needs, demographics, and physician age is outdated and inadequate to deal with today's increasingly complex environment. There need to be multiple joint physician-hospital strategies, such as:

- An organized medical staff strategy that includes a physician-hospital compact, formal leadership development, social capital building, and communication improvement.
- Alignment strategies by specialty, which can include employment, exclusive contract, medical directorship, joint venture, recruitment support, and compensation for call. In short, not one size fits all. Flexibility is paramount, and not all physicians get treated the same.
- Recruitment and retention strategies based on physician satisfaction surveys, recruitment support, physician liaison, practice support, branding, operations councils, contracting strategies, and no-volume/low-volume alignment.
- Competition and collaboration strategies, which might include conflict-of-interest policy, joint venture, facility leasing, economic credentialing issues, and managed care contracting.

Step 4: Develop mutual expectations for physicians and the hospital: The physician-hospital compact

The development of a compact, a written covenant, between the medical staff and the hospital can be a powerful tool to discuss, develop, and codify mutual expectations of each other.

A compact, very simply, is an agreement or covenant between two or more parties. The covenant is a written agreement, under seal, between the parties for the performance of some action. The development of a compact, a written covenant, between the medical staff and the hospital can be a powerful tool to discuss, develop, and codify mutual expectations of each other.

An excellent starting point is to look at the respective mission statements of the medical staff and the hospital. The medical staff mission statement likely includes ensuring the quality of care of individuals granted privileges and being mutually accountable to each other for that care. The hospital mission statement probably includes language about providing patient-centered quality care to the community or region it serves. A joint starting point then might be:

"There is a mutual interest in providing better and expanding clinical care and programs to our patients and our community."

Using this as a starting point, the physicians and hospital can codify what expectations might be addressed in the compact, including:

- Physicians would expect the hospital to provide quality staffing and timely, excellent support services, and the hospital would expect physicians to be effective in holding each other accountable for care delivered by individuals granted privileges

- Mutually beneficial clinical and business ventures would be explored on a right-of-first-refusal basis
- Fair and just processes would be developed to handle conflict, disagreement, and violations of the compact

The use of a compact is an effective tool for the alignment and advancement of diverse groups in their mutual interest to provide better and expanding clinical care to patients and communities.

Step 5: Invest in medical staff leadership

Leadership is a developed set of competencies, including behavioral attributes, knowledge, skills, and tools that enable an organization to effectively and continuously adapt to changing internal and external environmental requirements. Physicians do not learn about or develop the requisite leadership competencies as part of their medical education. This is reflected by the perceived cultural conflict between medical staffs and hospital administrations. Further thoughts show that leadership challenges for physicians include:

- **Commitment.** Effective leadership requires a major commitment of time, professional interest, and energy. It cannot be done in the time available between patients or the occasional day off.
- **Competency.** Leadership requires physicians to acquire and learn a new set of behaviors, skills, and tools not taught as part of their medical education.
- **Cultural conflict.** This requires physicians to understand and be able to effectively navigate differences in values, communication, and behavioral norms between clinical medicine and administrative leadership.

The key to success is physicians learning the competencies of leadership.

Step 6: Invest in social capital

Social capital is characterized by the networks, norms, and trust that help to facilitate coordination and cooperation for mutual benefit of individuals in groups. Physicians and hospitals form a social unit. The strength of relationships and goodwill that comes from physicians, administrators, and boards spending time together in social activities can be enormous.

Step 7: Hold regular meetings and retreats

The successful relationship is characterized by the thoughtful development and implementation of multiple points of structured access between physicians and hospital.

The following are examples of best practices seen in organizations. These include:

- A biweekly lunch of the C-suite of the hospital (e.g., CEO, CMO, CNO, COO) with key medical staff leaders to discuss issues on an ongoing basis

The strength of relationships and goodwill that comes from physicians, administrators, and boards spending time together in social activities can be enormous.

- A biannual off-site retreat of the hospital board, administration, and medical executive committee, with a portion of each meeting devoted to education on collaboration
- Annually, the hospital sends a board member, a hospital administrator, and a physician(s) to a national meeting on medical staff and hospital governance and leadership
- Structured, but informal, physician-hospital social activities

Why make this investment? Trust grows from structured access. Social capital allows the resolution of collective problems more readily and in a less costly fashion.

Step 8: Establish a written conflict resolution mechanism

Conflict is inevitable, even under the best of circumstances. A process for resolving conflicts between physicians and hospitals must be planned and agreed upon by both parties in advance of any conflicts occurring. A formal policy should identify the process that should occur and the leadership tools to bridge the gap.

Step 9: Maintain excellent communication

Communication is the active process of exchanging information and ideas. An excellent communication process needs to be planned, multichannel, open, and frequent. Communication competencies need to be learned, practiced, and implemented. Those competencies include:

- Active listening, characterized by the principle of listening to understand
- Observing the fundamental elements of a message, in which non-verbal behaviors account for 55% of the message, tone of voice 38%, and the actual words used 7%.
- Providing feedback by paraphrasing what you think you heard to check for understanding
- Asking good questions, using language that is factual rather than emotional

The success of every other step in this process for improving physician-hospital relations is dependent on effective communication.

Step 10: Celebrate the successes

The journey to improving physician-hospital relations can be long and arduous. In fact, at times, it can be downright contentious. But along the way, some short- and long-term wins can be realized. Some examples of the types of successes that might be celebrated include:

- The first session held of the newly created Medical Staff Leadership Institute with a delineated application process, a formal curriculum with external experts and attached CME hours, and clear criteria for advancement.

- The mechanics of a joint venture ambulatory care center have been worked through, and construction is in progress. This only occurred after an intense period of discussion employing the principled negotiation approach.

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- It now becomes increasingly important to celebrate the successes. A list of successes should be created—no matter how small—and examined to find ways they can be celebrated. Through celebration, appropriate recognition is given to successful improvement. By highlighting achievement, it hopefully allows success to be repeated.

Summary and conclusion

This paper has outlined a ten-step approach developed by The Greeley Company to improve physician-hospital relations. What would it look like after the multiyear process necessary to achieve results? Let's take a look:

Step 1: Acknowledge that physicians are customers, partners, suppliers, and competitors

- Physicians and the hospital now have a better understanding and appreciation that the old social contract between the parties has expired and conversations about a new order can begin.

Step 2: Heal the past

- Physicians and the hospital have been able to name perceived past injuries and have agreed not to "play old tapes." This has allowed the physicians and the hospital to work through the dynamic of impact and intent. Healing wounds have been acknowledged, and the past can be appropriately mourned. An emerging light from this storm is that a rediscovery of the "joy of medicine" is occurring.

Step 3: Create a shared vision of success

- The medical staff and hospital have each crafted their own mission/vision statement and a joint strategic plan that is multitiered and flexible.

Step 4: Develop mutual expectations for physicians and the hospital: The physician-hospital compact

- The physician-hospital compact has served the parties well in focusing, aligning, and advancing the diverse groups in their mutual interest to provide better and expanded clinical care to patients and communities.

Step 5: Invest in medical staff leadership

- The formalized Medical Staff Leadership Institute, with its delineated application procedures, formal curriculum, and criteria for advancement, has graduated its third class of present and future physician leaders.

Step 6: Invest in social capital

- Physicians and the hospital have increased play together and have learned to coordinate and cooperate better.

Step 7: Hold regular meetings and retreats

- Increased trust has definitely grown from structured access.

Step 8: Establish a written conflict resolution mechanism

- The written conflict resolution process and the investment in training all leaders in principled negotiation and Polarity Management have helped guide physicians and the hospital through multiple conflicts.

Step 9: Maintain excellent communication

- Active listening has become the norm. In seeking to first understand, the parties are now finding that they are being understood.

Step 10: Celebrate the successes

- Along the way, successes were identified and celebrated in public ceremonies, recognizing the change agents and minimizing the naysayer.

There is no reason that this future can't be yours. Stay well, and be the best that you can be. ■

