

It's not the owners, it's the culture

One flexible administrator finds that shared goals matter more than who owns the group

We hear a lot about how physicians and administrators in medical groups need to work as a team — and I've experienced the power of that alliance more strongly than most. In fall 1987, our largest clinic in the Detroit area, housing 40 of our more than 100 physicians, caught fire.

I rushed to the scene, as did our physician CEO and our staff CFO, director of operations and director of information services. Working for a physician-owned multispecialty group, we were used to after-hours

meetings and 24/7 call. But this event lent new meaning to the term “putting out fires.”

I would have thought that such camaraderie could occur only in a private practice like ours, where clinical and nonclinical staff shared a sense of purpose. As administrators, our job was to help our physicians succeed, and we were compensated accordingly. When they took a hit, we took a hit. When they did well, we got a bonus. Our incentives — and goals — were aligned.

see **Culture**, page 38

By **Antonia E. Metherall**



about the author

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What you had to say

Working for a hospital- or IDS-owned practice vs. a physician-owned practice

Across the board, respondents* working in hospital- or IDS-owned practices rated their degree of challenge higher than members working in physician-owned practices. However, respondents working in physician-owned practices also tend to have more experience — 68 percent have more than 10 years of experience compared with 58 percent of the hospital/IDS folks.

One respondent shared his experience: “As an administrator of a group owned by a health system, it is increasingly difficult to sustain an environment in which physicians are reasonably satisfied. The red tape, the decision-making paralysis, the complete lack of comprehension of how physicians think and what motivates them is a continuing struggle. The pressure from hospital executives to manage as they manage is almost overwhelming. It diverts energy, attention and resources from the pertinent to the esoteric.”

Observed another respondent: “Today, most stand-alone practices seriously consider joining larger integrated systems for economy of scale on their malpractice premiums and health coverage on their employees. These two items can be and usually are the defining initiatives that push physicians into a larger system.”

One difference between respondents who work for practices owned by a hospital or IDS and those who work for physician-owned practices was their challenge in dealing with the physician-credentialing process for commercial payers. Almost 47 percent of respondents working for a hospital-/IDS-owned practice rated this challenge as considerable or extreme compared with 29.3 percent of those working for a physician-owned practice. Respondents in physician-owned groups were more likely to see themselves working for their current employer in five years than the hospital/IDS people. However, when asked whether they would be working for a hospital/IDS in five years, 63.1 percent of hospital/IDS people rated the probability as considerable or extreme.

Source: MGMA 2008 “Medical practice today: What members have to say” research

((listen))

At mgma.com/medpracticetoday, listen to an interview with Antonia Metherall about her experiences working for a hospital-owned practice and a physician-owned practice

This experience taught me that teamwork and aligned financial goals were imperative to the success of the group.

Surely hospital-owned practices couldn't boast of such team spirit.

Teamwork saves the practice

The night of the fire, we retrieved as many key financial documents, patient schedules and medical records as we could. We transferred operations to another facility in a nearby city. Physicians and staff alike worked to move equipment, call doctors and patients, and hire buses to transport patients to the other building.

Five days later we were open for business. We had relocated a 40-physician group and

barely missed an appointment. What a spirit of togetherness!

That's not to say everyone always agreed. Physicians argued at times and didn't always heed administrators' business advice. Our CEO wisely let discussions run. Once a decision was made, the whole group worked to reach the goal.

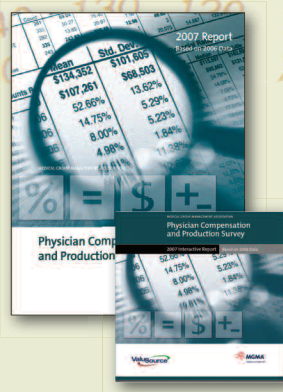
This experience taught me that teamwork and aligned financial goals were imperative to the success of the group. I loved the team spirit, but the demands of making the group successful often left me no time for a balanced life.

Changing times necessitate a changed group

Despite our organizational cohesion, capital needs demanded that we find a partner to expand. A large multihospital system ultimately purchased our operations and brought along new standards and rules.

Physicians had to change longstanding

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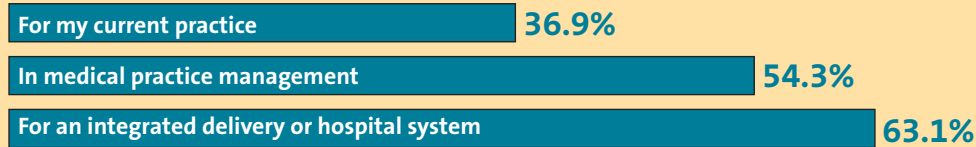
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What you had to say

Respondents working for an IDS* said: In five years, I see myself working ...



*integrated delivery system

Source: MGMA 2008 "Medical practice today: What members have to say" research. Of those respondents working for practices where the majority owner is a hospital or integrated delivery system, percentage who rated these issues as 4 or 5 on a 1-5 scale, with 1 meaning "zero probability," 4 meaning "considerable probability" and 5 meaning "extreme probability"

admitting relationships with a local hospital in favor of the system hospitals; it took months to get all the doctors credentialed. Long-time patients were run off by foolish new rules. Physicians' work ethics — and hence productivity — suffered. Turnover increased.

The new culture had a profound impact on our morale. I wasn't on call 24/7 anymore, but my job was no longer fun. I left the group when my husband took a job in the Midwest.

Not all hospital-owned practices are alike

It seemed at the time that the switch to hospital ownership crushed the group. Now I'm not so sure that hospital ownership is a bad thing. You see, in my next career opportunity, I found a cooperative, can-do hospital wanting to build its own primary care group.

With support from my boss and key members of the administration, I built the infrastructure for a group that grew to 98 physicians in 16 locations. The work ethic wasn't as supercharged as that of the practice I'd left; the hospital knew the group would lose money. But it was a necessary strategy to secure the hospital market. For 14 years the hospital gave us the financial backing and flexibility we needed, and we all worked together.


As new technology came along and financial pressures began to undermine reimbursement, strains in physician productivity appeared. It seems that in health care today, any medical group goes through these phases of growth and decline.

In my two experiences with private practices that moved to a hospital-owned structure, I found that hospital ownership made my job easier in terms of finances. But I often felt overwhelmed by hospital systems' rules and regulations.

Looking back, I realized that the type of owner doesn't matter for a medical group.

Hospital-owned groups can be responsive, too, if they focus on their community-service mission and cooperate with doctors to carry it out.

Sure, physician-owned practices have direct incentives to innovate and stay sharp. But hospital-owned groups can be responsive, too, if they focus on their community-service mission and cooperate with doctors to carry it out.

Both the private and hospital-owned organizations I worked for underwent change that caused cultural shifts. The real problem, I believe, was lost autonomy and alignment between administrative and physician leadership. Individuals in a group, whether physicians or staff, will always have differing views. The trick is to focus everyone on helping the doctors succeed. There's a lot of talk about the need to align physician incentives for group success. That applies to administrators, as well. 

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What do you see as the differences between running a private physician practice and a hospital-owned practice? Tell us at connexion@mgma.com