

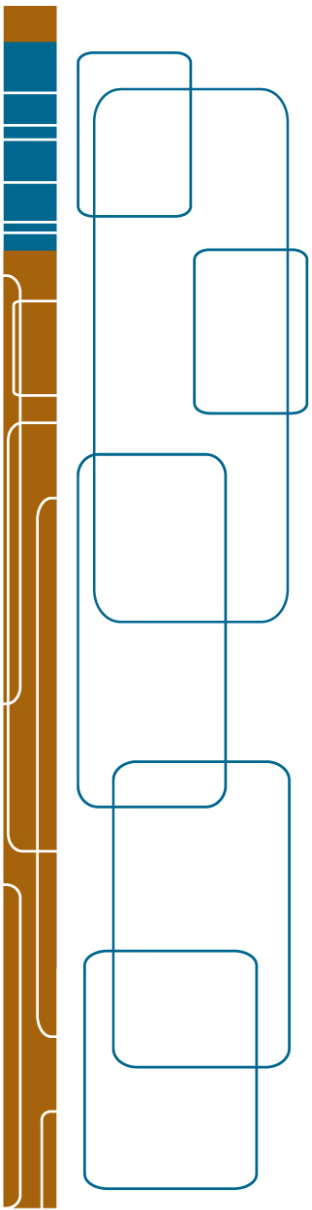


# Long-Term Engagement: A Full Hospital JV as the Optimal Model for Physician Alignment

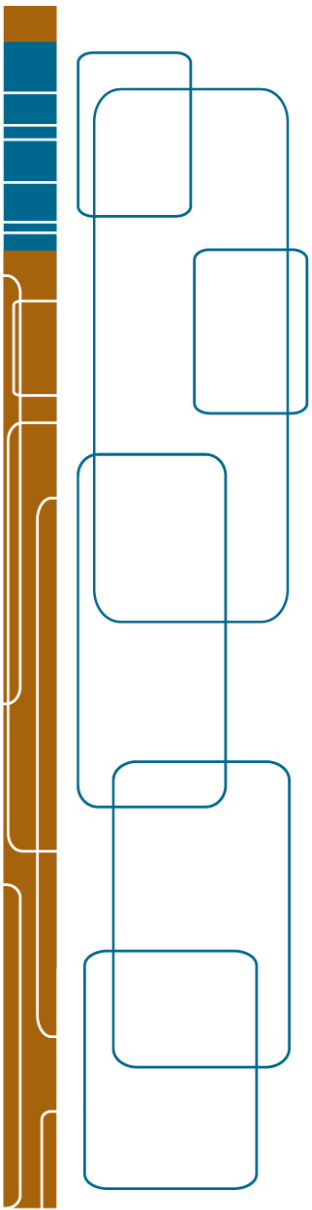
ACHE  
Las Vegas Cluster Meetings  
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## Neologisms for the Industry



***Flabbergasted:***

*Appalled over how much weight you have gained.*



***Abdicate:***

*To give up all hope of ever having a flat stomach.*



***Rectitude:***

*The formal dignified bearing adopted by  
proctologists.*



***Innoculatte:***

*To take coffee intravenously when you are running late.*



## ***Physicianship:***

*The ability of healthcare executives to effectively involve the medical staff, engage them in long-term projects/ventures and align the interests of the entire medical community.*

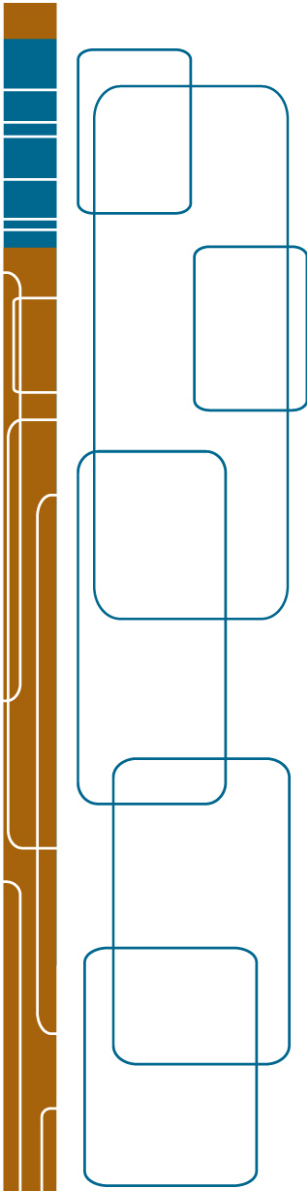
# Physicianship: Partnership with Physicians

- **Fundamentals**

- The **key** element of strategy going forward
- Adopting a new mental model
- Sync with 'em or sink without 'em
- A wide range of options and opportunities to pursue
- The wider and deeper (the option) the better
- Let the model send the message
- A model in Montana – full hospital JV with most of the medical staff



# The Harsh Reality of Health Care



“That phenomenon has sparked a war between hospitals and doctors across the country that is transforming the landscape of the US. health-care system – while not necessarily improving it.”

*“The Hospital Wars”*  
***TIME Dec. 05, 2006***

- **Considerations**
  - Physicians are emerging as *the* main competitor (some markets)
  - Physicians are under the gun economically and experientially
  - History of mistrust and miscommunication (some markets)
  - Worlds and philosophy must converge for optimal advantage
  - Heavy lifting, major hurdles and high expectations
- **Objective: Distinctive Competitive Advantage**
- **Mind-set first, then the model**
- **The Imperative for Synchronization**

- **Not Yesterday's Competition:**
  - Entrepreneurs emerging
  - Migration away from medical campus
  - Retail as the new reality (i.e. Minute Clinics and Big Box)
  - Understanding the consumer and market orientation
  - Battling within family with Barbarians at the gate
  
- **What is on the Horizon for Healthcare**
  - Increasing emphasis on performance for payment
  - Technological interdependence and integration
  - Transparency and connectivity
  - Universal coverage – fractionated or coordinated

# Partnership Options and Considerations

- **A Wide Spectrum of Strategies**

- Increased involvement in planning and control.
- Appointments and directorships
- Participating bonds.
- Site-specific or service line joint ventures
- Centers of Excellence JV opportunities
- ASCs, imaging centers, etc.
- Full-hospital joint ventures

- **Goals of such endeavors**

- Pre-empt other competitors in the market.
- Engage the medical staff strategically and financially.
- Ensure increased loyalty and participation from med staff

# KRMC Approach – The Model is the Message

## Why this initiative/approach works so well....

- *Validates the role and contribution of physicians*
- *Establishes a sense of transparency and openness*
- *Ensures increased and improved communication between all*
- *Recognizes inherent symbiosis, achieves market synergy*
- **WORKING IN CONCERT FOR THE COMMUNITY GOOD!**

# The KRMC Model – Seven Steps to Success

1. *Involved the entire medical staff*
2. *Engaged the primary care physicians as the galvanizing and stabilizing force*
3. *Established the new hospital (full-hospital JV) next to the “charity” hospital for efficiencies of scale and clarity of scope.*
4. *Took the mindset that “we’ll do what’s best for the community.”*
5. *Focus on patients, quality, outcomes and long-term viability*
6. *Achieved success on every critical metric measured*
7. *Works on all levels and fires on all cylinders – is it replicable?*

# KRMC/HCNW Model – *Metrics to Match Their Mountains*

1. *Increased OP Surgery cases by 22%*
2. *Increased imaging procedures by over 78%*
3. *Increased net revenue by 54% in 3-year time frame*
4. *Involvement of medical staff in community programs/decisions*
5. *Esprit de corps between physicians and executives*
6. *Nursing turnover – one-third the national average*
7. *Peerless peer review and medical maverick monitoring*

# More than Nuance in the Northwest

- **What they did:**

- The physicians first approached the administration
- Admin was open to mutually designed structure – checking egos at the door
- Extensive legal and structural research
- Building the buy-in: extensive and pervasive
- Six years in the making

- **Why it works:**

- Physicians feel valued, in control and at the table
- Advisory Board conjoint study as empirical corroborator
- Chasm is cultural and deep; must be bridged with trust
- Nothing magical about Montana (other market experience)
- Others are pursuing the model throughout the country

# Possible Next Steps for *Physicianship*

## First research and then development.....

- *Assess the stage of the market relative to physician ventures*
- *Take the pulse of the medical staff (candid and thorough research)*
- *Ask the doctors what interests them the most – which model*
- *Find the concept champions*
- *Allow for buy-in and build time*

# Summary and Questions

- **Summary of Presentation**

- Market is changing dramatically
- Physicians are either a key competitor or core ally
- The approach or model that ensures greater engagement is better
- Full-hospital JVs are proven and prominent
- The KRMC model is worth reviewing and considering

## **Items to Consider in your Market?**

- What is the rapport between physicians and execs?
- How far down the path are physicians in your market?
- What is your admin attitude toward physicians as “partners?”
- What is to be gained from this approach?

- **Is a Full-Hospital JV Model Right for Your Organization?**



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