



2 Savvy

- **AMERICA'S HOSPITALS FACE GROWING CONCERNS FOR THEIR ED CALL PROGRAMS** - Maintaining coverage by specialist physicians has created a lengthy history of regulatory and organizational concerns. The result? An increasing shortage of physicians willing to treat ED patients. How do you satisfy EMTALA (Emergency Medical Treatment and Active Labor Act) requirements and exceed your community's needs? Phase 2 Consulting has partnered with Baker, Donelson, Bearman, Caldwell & Berkowitz and the Institute for Medical Leadership to develop a solution to enhance your physician services. To see a list of their combined services, check out "*Trust the Prose*" below or click [HERE](#).
- **REVENUE LOST? REVENUE FOUND! TOOLS AND TACTICS TO ASSESS YOUR REVENUE STREAM** - A chronic and cumulative problem spanning several years continue to affect the revenue producing functions of our nation's health care delivery systems. As the cost and demand of health care continues to rise, more pressure is placed on enhancing revenue as a solution to improving financial performance. Now more than ever, financial managers and administrators must rapidly identify revenue improvement opportunities that increase revenue, maximize reimbursement, and decrease write-offs, to realize long-term profitability and improved results. To learn how to obtain your copy, check out "*Phase In*" below.
- **BUILDING HOSPITAL-PHYSICIAN COLLABORATION THROUGH SERVICE LINE CO-MANAGEMENT** - If you think that your hospital's relationship with its physicians is suffering, or simply could be better, please contact us to discuss how service line co-management or other hospital physician ventures could benefit you and your facility. For more information check out "*Trust the Prose*" located below.
- **PHASE 2 INTRODUCES A NEW SERVICE OFFERING, BRAND DEVELOPMENT!**
Competing on Your Brand Power to Achieve Measurable Results - Building a powerful healthcare brand is proving to be a potent asset as hospitals and medical facilities

compete for market share and weather new and increased business challenges, including rising costs, declining reimbursements, a shortage of medical professionals and staff, hospital-physician relations and increased competition. There is no question that a strong brand connects with consumers, employees and physicians on an emotional level to form an unassailable bond resulting in top-of-mind consumer preference, increased customer/doctor loyalty, employee pride, as well as the ability to attract *the best and the brightest*, all of which drive increased revenue and profitability.

But, a brand is much more than a name, logo, tagline, products and services, or an advertising and marketing campaign. A brand is a *promise* that a company makes to its customers, employees, stakeholders, investors and the community in which it operates. And, a strong brand delivers that promise with every experience. Building a powerful brand is a strategic, prescribed, on-going process that requires focus and expertise to generate maximum ROI. Because Phase 2 passionately believes in the importance of this business strategy in today's environment, and the positive impact building a powerful brand has on hospital and medical facility results, we have launched a practice dedicated to this initiative. To learn more about building your brand to achieve improvement across your key business metrics, click [HERE](#).

Phased In

During the first half of 2008, Phase 2 Consulting has developed a number of new team projects and clients.

- Empire Health Services, Spokane, WA - Interim CEO Management
- Travis County Healthcare District, Austin, TX - Development of an Operational Business Model
- North Country Health Services, Bemidji, MN – ED Physician Call Assessment
- Ranken Jordan, A Pediatric Specialty Hospital, Maryland Heights, MO – Operational Assessment
- Presbyterian Homes, Evanston, IL – Operational Assessment
- Trinity Health International, Farmington Hills, MI – Hospital Management Agreement Review

Catch-Phase2

- **“Revenue Lost? Revenue Found! Tools & Tactics to Assess Your Revenue Stream”**
Marlow Dazley and Todd Halpin partnered with Polaris Group and hosted an Audio Training session on **June 10th**. Don't worry if you missed it, you can visit the Polaris Web Store and purchase the session. For more details please visit the Polaris Group online store at www.polaris-group.com.

Trust the Prose

- ***“Compensating Physicians for Emergency Department Calls”*** has evolved from a presentation into a specialized service offering by Phase 2 Consulting in partnership with Baker Donelson, Bearman, Caldwell and Berkowitz and The Institute for Medical Education. Finding the answers to your ED Call concerns are only a click away. (Click [HERE](#) to learn more.)
- ***“Building Hospital-Physician Collaboration through Service Line Co-Management,”*** by John Maher, looks at a hospital’s need to eliminate mistrust between their administration and physicians. One idea is that by asking both the hospital and physician to make contributions towards sharing risks and their profits the groups will learn to fully support each other. For more ideas and the full article see the attachment.

Building Hospital-Physician Collaboration Through Service Line Co-Management

Market forces for many hospitals are demanding that the hospital focus on building collaboration with their physicians. In many markets, physicians are competing with hospital, particularly for profitable outpatient services. Additionally, physicians are under significant financial pressure with rising malpractice fees and downward pressure on reimbursements. In many cases there is mistrust between hospital administration and physicians. The imperative is then placed on the hospital to resolve these issues and build a model for collaboration with physicians.

In order to achieve this collaboration, the hospital needs to work with physicians to find ways to contribute together in order to share risks as well as the profits that come with them. In order to make this happen, the model needs to be focused on customer satisfaction. Additionally, a culture that allows for medical staff participation in decision making and planning needs to be created. If technologies are part of the equation in collaboration, they need to be of practical use. Hospitals need to be able to offer meaningful practice support to the physicians.

In our experience in working with hospitals and physicians on building this collaboration, we find that physicians are looking for the following:

- Opportunity to have governance/advisory capacity in the hospital departments that they deal with.
- Opportunity to invest dollars and receive an annual return.
- Ability to influence hospital practices that decrease physician productivity.
- Opportunity to influence the growth of their service line.
- Opportunity to explore true joint venture partnerships

There are many ways that hospitals can seek to collaborate, ranging from employment models through equity joint venture models. While many of these models work very well, they all of have varying degrees of legal and compensatory complexity, and have limited amounts of flexibility.

An opportunity to have a model that is more flexible and that can take on many different forms is a service line co-management model. The purpose of a service line co-management model is to achieve the physician demands outlined above, and to do so in an environment that has a lower risk threshold than other types of ventures. The service line co-management model calls for a physician panel to collaborate in the governance of a service line through formation of a management company. The management services are then leased back to the hospital, often in the form of a service line coordinator as well as a service line governance board. The investors in the management company, typically the hospital at 51% and the physicians at 49%, are compensated for the management services, as well as through incentives for quality, growth, and program development targets. The service line co-management company may also look to grow into other ventures such as equipment leasing, equity ventures into clinical programs, and group purchasing organizations. All of the ventures that the entity would get into need to be rigorously tested for compliance with anti-kickback safe harbor and Stark Law compliance. However, the flexibility of the service line co-management company will allow for easier reorganization of these ventures over time as legal ruling and statutes change.

If you think that your hospital's relationship with its physicians is suffering, or simply could be better, please contact us to discuss how service line co-management or other hospital physician ventures could benefit you and your facility.