

OPERATING ROOM TO THE BOARD ROOM:

ONE ANESTHESIOLOGIST'S PERSPECTIVE ON BECOMING A HOSPITAL CEO

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Learning Objectives

1. Review current marketplace for physician executive leadership
2. Define necessary competencies and attributes for physician leadership
3. Evaluate the effect on quality and safety for organizations with strong physician leadership models
4. Present common pitfalls in relationships between traditional healthcare administrators and physicians

Disclosures

**Employed by SCL Health System
Denver, CO**

Wild Ride: The Last Three Years

July 2014

- Left U. of CO as Vice Chair, Anesthesiology & Assoc. Medical Director of perioperative svcs.
- Start CMO at St. Mary's Medical Center, Grand Junction, CO

September 2015

- Chosen as Interim President, SMMC
- Both Roles for seven months

May 2016

- Selected as permanent president after national search



East to West Move

U. of CO & UC Health



St. Mary's Medical Center

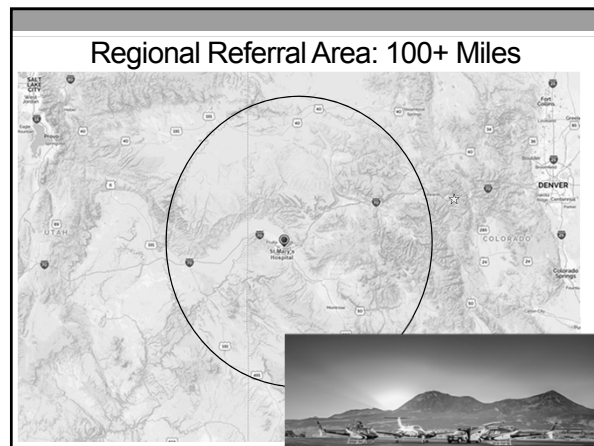


St. Mary's Medical Center

346-Bed, \$430M
12 OR
Level II Trauma
Cardiac Surgery
NICU Level III
Blood Bank
44k ED visits
100+ mile area
Aeromedical

2,200+ Associates
380+ Medical Staff
500+ Volunteers

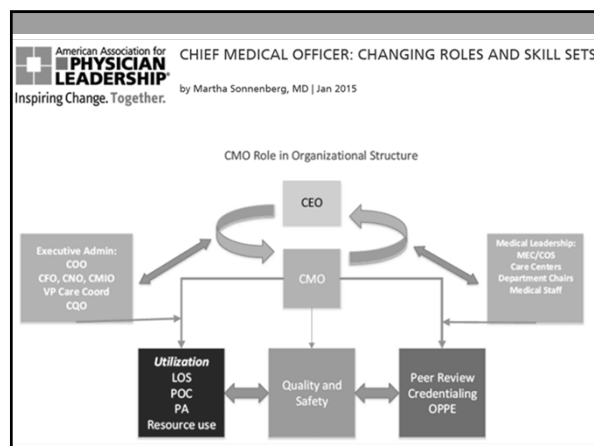
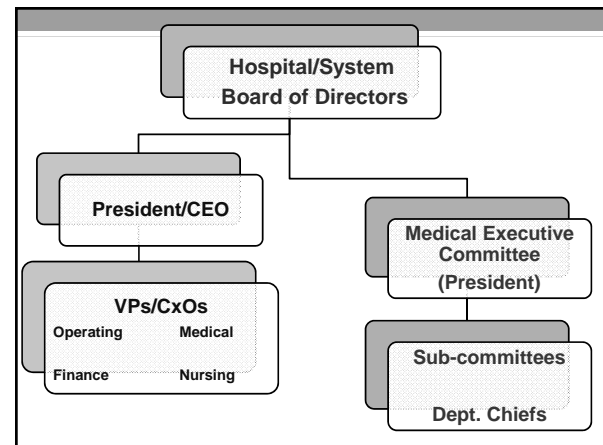




SCL Health

Why The President/CEO Route?

- Broader healthcare system interests
- Too few physicians at the table
- Physician-hospital alignment
- Increasingly complicated
- Administrators \neq Clinical experience



How did you prepare for this?

Formal Education/Practice:

- Administrative Fellowship (2 yrs.) – UC Health University
- MBA in Healthcare Administration – U. of CO Denver
- Graduate Certificate, Quality/Safety – Regis Univ.
- Certified Physician Executive – Amer. Assoc. Physician Executives

Organizational/Community Leadership Opportunities:

- Associate Medical Director Perioperative Svcs.
- Vice Chair, Quality/Safety/Improvement, Anesthesiology
- Medical Board, UC Health University
- Board of Directors, Univ. Physicians Inc.
- CO State Dental Board, public member
- State-wide public office candidate



LEADERSHIP

Why The Best Hospitals Are Managed by Doctors

by James K. Stoller, Amanda Goodall, and Agnes Baker
DECEMBER 27, 2016

Harvard Business Review

"Doctors were once viewed as ill-prepared for leadership roles because their selection and training led them to become 'heroic lone healers' "

USNWR 2011: Quality scores \approx 25% higher in physician-run hospitals

Largest positive effect \rightarrow "proportion of leaders with clinical degrees"

Reasoning:

- "credibility...peer-peer credibility"
- "signaled to important external stakeholders – patients, employees.."
- "having a boss who is an expert in the core business is associated with high levels of employee job satisfaction and low intentions of quitting."

LEADERSHIP

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...and how can training make them better ones.

"social skills...physicians are not taught to be team players."

Trained in "command and control" and "heroic lone healer" culture

"Conspires against great leadership....clear need to train physicians more systematically."

How?

- Formal leadership training programs
- Core curriculum \rightarrow "Emotional intelligence"
- "Teambuilding, conflict resolution, situational leadership."

Role of a Physician Leaders

Market For Physician Leadership

Physician Leader Shortage: Why?

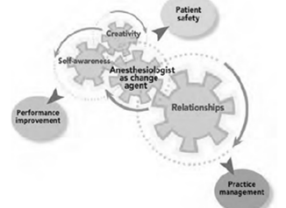
Competencies: Physician to Leader

Leadership Competencies

CLINICAL CONCEPTS AND COMMENTARY

Developing Leaders in Anesthesiology A Practical Framework

Pascal H. Soemanu, M.D., M.B.A., Jeffrey W. Hui, Ph.D.†



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Traditional View

- Hierarchy-based
- Personal traits (charisma)
- Innate in a few
- "Touchy feely"

Updated View

- Relationship-based
- Action & accountability
- Facilitation
- Developed, not innate
- Expected from everyone
- Studied scientifically

New Advancement "Reality"

Achievement

Timing

Circumstance

Politics

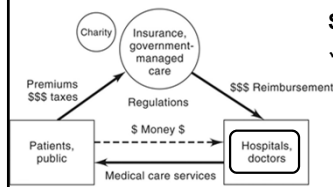
Hospital – Physician Economy

Buyer (customer)

✓ **Hospitals** → Physicians

Seller (firm)

✓ **Physicians** → Hospitals



Customers

Partners

Why Should I Care?

"Caring is a business, with revenues and expenses, not just a calling."

"Healing is an art, medicine is a profession, and healthcare is a business."

"Following the path of dollars financing any system will often tell a student more about what is really going on than listening to arguments presented in newspapers or television, or even by reviewing congressional testimony...money talks...for those willing to listen, it speaks loudly and clearly about how the healthcare system works."

Physician as Customer?

Employment increasing

- Predictability
- Physician financial risk

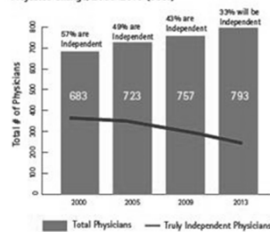
Single source contracting

- Predictability
- Increase hospital monopsony
- Reduce physician monopoly

Compensation subsidies

- Moving toward goal alignment
- Value, quality, efficiency

Total Physicians vs. Truly Independent¹ –
Projected Change, 2000-2013 (000s)



¹ Estimated
Sources: Accenture Analysis, MGMA, American Medical Association

Autonomy → Alignment

Autonomy

Autocratic
Medical profession

4 T's:

- Time (when)
- Team (who)
- Task (what)
- Technique (how)

Financial Success

- Volume + payer mix
- Subjective "quality"
- \$ Accounting
- Stay put
- Status quo

Alignment

Collaborative leadership
Other sectors

4 E's:

- Equity
- Efficiency
- Evidence-based
- Engagement

Financial Success

- Value (quality / cost)
- Objective quality
- Accountability
- Throughput
- Maneuverability



Inconvenient Truths

Shared pressure

- ✓ Payment reduction
- ✓ Regulation
- ✓ Quality expectation
- ✓ Public reporting
- ✓ Cultural transition
- ✓ Consolidation



Hospital pressure

- ✓ Labor risk expense
- ✓ Physician specialization
- ✓ Ambulatory competition

Physician pressure

- ✓ Specialization
- ✓ Substitution
- ✓ Education loans
- ✓ Life style expectations

Learn to Negotiate



Separate people from problem

- ✓ Good people
- ✓ Two interests
- ✓ Techniques (disassociation)

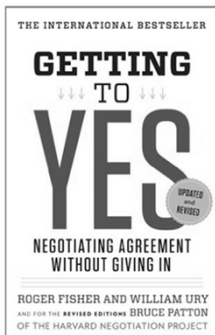
Focus on interests, not positions

- ✓ Positioning = One interest
- ✓ Identify / empathize
- ✓ Befriend opposed positions

The negotiation problem

- ✓ Positions = *bargaining*
- ✓ Principled = *negotiation*

Learn to Negotiate



Invent options for mutual gain

- ✓ Understand counterparty needs
- ✓ Realize own capabilities

Use objective criteria

- ✓ Fair standards & metrics
- ✓ Reason → be open to reason
- ✓ Yield to principle, not pressure

Yes, BUT they...

- ✓ Have more power → BATNA
- ✓ Won't play
- ✓ Use dirty tricks

Hospital Desires

Reduced total cost...period

- Safe patient care
- Reduced variation
- Efficient use of capital/personnel
- Per unit of service cost reduction

Improved quality

- Real: published metrics
- Perceived: satisfaction scores (HCAHPS)
- Raise your own expectations

Recruitment & Retention

- Positive environment
- Physician & staff



Success: My Own



Keep it professional. Respect is power!

Beware of claiming "higher quality" unless you can prove it

If you don't want to be treated like a commodity, don't represent yourself as one

Keep negotiations to yourself

Overt lobbying is rarely useful

Beware playing politics with politicians

Thank You!



Winner: 2016 Associate Photo Contest, Lucas Cahalan