FROM GETTING ALONG TO WORKING TOGETHER: TIPS & TECHNIQUES FOR IMPROVING PHYSICIAN-HOSPITAL RELATIONS

Learning Objectives

1. Relating current events and news to healthcare economics
2. Understand operational and financial drivers in the perioperative arena that are important to hospital leaders.
3. Review common pitfalls and successful techniques related to negotiations with hospitals.
4. Demonstrate the changing landscape of physician and physician leadership in the healthcare marketplace.

Disclosures

Employed by SCL Health System
Broomfield, CO

St. Mary’s Medical Center

346-Bed, $440M
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

Regional Referral Area: 100+ Miles

St. Mary’s Medical Center – SCL Health
Grand Junction, Colorado

My Own Path

Brian M. Davidson, MD, MBA, CPE
President & Regional Market Executive
St. Mary’s Medical Center – SCL Health
Grand Junction, Colorado

1. Chief Medical Officer, July 2014
2. Interim President, October 2015
3. President, May 2016
4. Regional Market Executive, Western CO, January 2017

University of Colorado Anschutz Medical Campus
1. Faculty anesthesiologist 2007-2014
2. Vice Chair, quality/safety/performance improvement
3. Associate medical director, perioperative svcs.
4. Medical board, credentials, practice plan board
5. Colorado State Dental Board, 9 years
6. Administrative fellow, MBA - Healthcare
Situation: Game Change!

Amazon, JPMorgan Chase And Berkshire Hathaway Pursue The Health Care "Unicorn"

Amazon, Berkshire Hathaway and JPMorgan Chase & Co. to partner on U.S. employee healthcare
Goal is to improve U.S. employee satisfaction while reducing overall costs

The knock on the back door?

Amazon, Berkshire Hathaway, and JPMorgan are forming a healthcare mega-company.

One of my favorite quotes from Amazon CEO Jeff Bezos is "[E]conomic rent is a big opportunity today. There is no greater economic opportunity today than our massively inefficient healthcare system."

What an economist or business executive is thinking:
- Patient safety or economic rent
- What choices might the consumer desire
- How can we create a substitute (alter supply curve)

*Economic rent = payment received by a factor of production over and above that which is needed to keep it in its present occupation
Transfer earnings = minimum payment needed to keep a factor of production in its present use.

Blood In The Water?

Anthem Says Eye Surgeons Should Monitor Cataract Anesthesia Themselves
February 20, 2018 12:00 PM ET

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Is it all doom?

NO...but...we must listen and act!
- We can make it better...better than anyone else...if we choose

John Bisceglia, CEO of CareCentra (Murford, Conn.): "Anyone with a high-cost, high-margin healthcare business should be scared. Our healthcare is complicated, and I believe the most effective path for the stream of healthcare dollars is to share their goal—provide better care at a lower cost to patients—with industry incumbents. Bending the cost curve and improving outcomes is going to require a team effort."

Mike Long, Chairman and CEO of Lumenis (St. Louis): "The Amazon-Berkshire-Hathaway-JPMorgan announcement is just the most recent and powerful shock across the bow of the healthcare industry. Corporations, government, and individual buyers of healthcare—want value, and they want it now. The current fee-for-service system has failed to deliver on promises of higher quality, lower costs, better service and easier access. The days of large annual increases in healthcare costs are over, and in a zero-sum game world, where the market is capping the amount of dollars available for healthcare, only those that can deliver value will survive."

The hospital-physician economy

Buyer (customer)
- Hospitals → Physicians

Seller (firm)
- Physicians → Hospitals

Customers

Partners
**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

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**Hospital Desires**

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

- **Improved quality**
  - Safety
  - Real: published metrics (SCIP, PSIs)
  - Perceived: satisfaction scores (HCAHPS)
  - Raise your own expectations

- **Recruitment & Retention**
  - Positive environment
  - Physician & staff

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**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

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**Learn to Negotiate**

- **Separate people from problem**
  - Good people assumption
  - Two rational interests
  - Techniques (disassociation)

- **Focus on interests, not positions**
  - Positioning = One interest
  - Identify / empathize
  - Befriend opposed positions

- **The negotiation problem**
  - Positions = bargaining
  - Principled = negotiation

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**Pitfalls In Negotiations**

**Failure to actually negotiate**
- Make a list of desires first – needs vs. wants
- Refrain from bargaining - commodity

**Money is not the main goal**
- Optimize vs. maximize
- Lowest cost is not necessary the goal…just lower

**Relationship is an economic rent**
- No relationship = commodity pricing
- True throughout the local hospital economy (CEO, COO, etc.)
- Know the landscape (substitutes)
- Assess your political capital
- Trust is golden for both sides!
Components of Trust

**Character vs. Competency?**

- Commitment
- Familiarity
- Personal Responsibility
- Integrity
- Consistency
- Communication
- Forgiveness & Reconciliation

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**What does “Win/Win” Look Like?**

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**Think Bigger!**

Team-based approach focused on patients

Four motivations:

- Engage in noble shared purpose → (patient interest)
- Appealing to self-interest → (needs, not wants)
- Earning respect → (peer feedback & improvement)
- Embracing tradition → (pride, fraternity, culture)

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**Healthcare Transformation**

Interesting quotes:

- “...requires the will to organize delivery around the needs of the patient—reorientation means ending the status quo and the doctors’ traditional perch within it.”

- “Organizations that can help physicians live up to their aspirations as caregivers—to understand that giving up their autonomy is not actually surrender but a noble act of humility in the interest of their patients...”

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**Our Success: My Own**

The healthcare world is changing, let’s adapt

Figure out how to minimize economic inefficiencies (rent) before big business does it for us

Read about Clinical Integration concepts

Respect, trust, collaboration is power!

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

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**References**
Thank You!

Winner: 2016 Associate Photo Contest, Lucas Cahalan