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## Hospital-Physician Relationships & Accountable Care Organizations



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## 6 Questions and Answers on Hospital Medical Staff Planning

Written by Molly Gamble | [June 20, 2011](#)

It may seem challenging to plan these days, with healthcare reform provisions continuously going into effect and consolidation sweeping across the industry. Still, hospitals should not lose sight of their medical staff plans — the document that will keep a hospital relevant, aligned and responsive to the needs of the community. Rudd Kierstead, manager of DGA Partners, boils the plans down to this: "Hospitals need to plan for the success and supply of the right physicians. Otherwise, quite simply, they won't have patients." Read on to learn more about current medical staff plans and why hospitals should be paying attention.

**1. What types of medical staff plans can hospitals develop?** There can be two main motivations for medical staff plans: community need or strategic. These are often confused and they often overlap. "Let's say a community doesn't have a clear need for additional OB/GYN physicians. That doesn't mean there isn't a strategic need for the hospital to have more," says Mr. Kierstead. Hospitals can find themselves a little stuck in this situation. Medical staff planning may involve a range of different data sources ranging from physician interviews, administrator feedback and the involvement of a select work-group to detail physician supply inventory at the zip code level. "Medical staff planning really ranges from being very quantitative to the other extreme, where it handles significant strategic questions for a hospital," says Mr. Kierstead.

**2. What trends are emerging in medical staff planning?** In the past, physicians took on an autonomous philosophy when it came to medical staff planning. But with an uptick in physicians seeking hospital employment in addition to new market pressures, a greater need for medical staff planning for both hospitals' and physicians' own interests has emerged. Mr. Kierstead also says certain situations present a regulatory need for medical staff planning, such as a hospital supporting recruiting efforts at independent physician practices for a period of time. "That has to be done carefully to not be considered a kickback," says Mr. Kierstead. "The primary way of doing that is to establish a need for those physicians within the community," says Mr. Kierstead.

There is also increased attention to primary care physicians, according to Mr. Kierstead. Currently, primary care

physicians are referring patients to specialists, leaving hospitals out of the equation. "Hospitals don't know who is doing what — which physicians are referring to which specialists. So we do see more attention to PCPs as hospitals try to get a handle on that," says Mr. Kierstead. And while accountable care organizations may be a factor, they have not been a major driver in medical staff planning thus far, according to Mr. Kierstead. "ACOs are not the only motivator these days. They've gotten a lot of press, but there are many other reasons to be doing a medical staff plan. Some reasons may even be more pressing than ACOs."

**3. Are there any mistakes hospitals commonly make in this process?** Even though more hospitals are focusing on PCPs, Mr. Kierstead said some hospitals still overlook them since they are not as visible. He also recommends hospitals be mindful of subtle changes in the physician supply. "Things could be evolving right before your eyes and you wouldn't see it," says Mr. Kierstead. For instance, a hospital may have a medical staff of 400 physicians, but only 20 percent are essential to the hospital. Or the primary care force in a community may be aging or approaching retirement. "Engagement is important. You have to understand your physician supply," says Mr. Kierstead.

**4. How might mergers and acquisitions affect planning?** If a hospital is considering a merger or acquisition, it should strengthen its medical staff plan as much as possible. "If you have a closely aligned medical staff and can deliver thousands of patients, that makes you more powerful," says Mr. Kierstead. Hospitals should recognize their opportunities and weaknesses in staff composition — as well as those of competing hospitals. "If you're planning on a merger, you'd want to know what is going on with the other hospital in town. Know the community need or surplus," he says.

**5. What should a medical staff planning timeline look like?** Mr. Kierstead recommends hospital medical staff plans project no farther than five years. "I think between three to five years is effective. If a plan goes more than five years, and needs can get speculative," he says. The process typically takes a month or two, depending on the size and location of the hospital as well as their prior experience with medical staff planning.

**6. How closely should hospitals follow their plans?** Plans should be flexible but hospitals should work closely off of them. "It should be subject to new information and development," says Mr. Kierstead. For instance, ACO-success may mean lower utilization of a hospital and certain specialties or reduced market share, presenting a need for plan revision. "But there should be concrete reasons to not follow the plan," says Mr. Kierstead."