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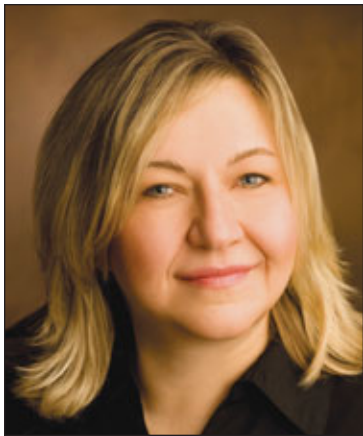
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THE REGION'S MONTHLY NEWSPAPER FOR HEALTHCARE PROFESSIONALS & PHYSICIANS

Three Critical Success Factors for an Effective Physician Acquisition Strategy



Lucy Zielinski



Marcie Stern

BY LUCY ZIELINSKI AND MARCIE STERN

As hospitals and health systems prepare themselves for healthcare reform, they are considering many new physician strategies. Options include offering physicians a subsidized EHR, assisting practices with recruitment, providing access to health information exchange, and acquiring physician practices.

This article addresses the last strategy: practice acquisition and physician employment. To make

a physician acquisition strategy work, hospital leaders need to carefully manage three critical key success factors:

People

As any Fortune 500 corporation that has acquired a smaller company or competitor can attest to, one of the most critical, and often overlooked, success factors is effective transition of people. Not only are financial and business systems merging, so too are the cultures and mindsets of the people running the business.

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HEALTHCARE ORGANIZATIONS

Q&A with Kate Liebelt, Incoming President of the Chicago Health Executives Forum

On February 3, 2011 Kate Liebelt became president of the Chicago Health Executives Forum (CHEF), an independent chapter of the American College of Health Executives (ACHE). With over 1,800 members, CHEF is the largest chapter of ACHE.

Tell us about the Forum:

Since 1976 when it began here in the Chicago area, CHEF has always served as a platform for

healthcare executives to learn, advance and connect with colleagues via rich educational programs and networking events. In 2011 we celebrate 35 years of productivity with a series of innovative programs featuring cutting-edge topics including sustainable healthcare, care for the uninsured, personalized medicine, patient safety, health IT and care for the aging population.

CHEF's not all work – there's fun too. We are collaborating with other Chicagoland healthcare associations to host a variety of social events this year: a golf outing, a boat cruise on Lake Michigan and a holiday gathering at Mercy Home for Boys & Girls.

And then there's the ongoing networking. CHEF recently launched a new website and social media strategy to better

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Kate Liebelt

LEGAL UPDATE

Hospitals and Physicians: Stop! Look! And Listen! Before You Leap Into Employment

BY PATRICIA HOFSTRA



Patricia Hofstra

Those of us who have been in the healthcare industry for awhile have seen hospital employment of physicians come and go several times. This time is different, or so we say, because of health care reform, accountable care organizations, bundled payments and all around changes in reimbursement. But, is it really different? Sure, the regulatory environment has changed, but it is still in flux.

Karen Zupko, a health care consultant, has said that health care is the only business where the parties marry before they date. It is too early for most physicians and hospitals to rush into marriage. It is time to explore all options and carefully think through the known as well as the unforeseen consequences of hospital employment of physicians.

The first question that hospitals and physicians must answer when contemplating hospital employment of physicians is

simply "why". What is the intended purpose of the proposed employment? The answers most frequently, for the hospital, are to secure a place in the market and be favorably positioned for reimbursement. A secondary reason may also be to eliminate competition. For physicians, the answers are a sense of financial security in these tumultuous times, a way to reduce the administrative burdens of private practice and bet-

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COVER STORY: *Three Critical Success Factors for an Effective Physician Acquisition Strategy*

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Physicians, other healthcare providers and office staff experience a significant culture shift when transitioning from an entrepreneurial business to being employees of a large hospital system. While they may not be outwardly expressing fear, anxiety or resistance, these emotions are certainly being felt internally and can have detrimental effects on the bottom line.

Hospitals would be remiss if they did not address these concerns and help physicians and staff assimilate to the new organization. Having new staff participate in an employee orientation program is an obvious strategy to ensure a smooth transition, but to have a more sustainable impact, hospitals should create a customized orientation program that meets the needs of this unique employee population.

Physicians in particular should be given the opportunity to participate in customized on-boarding programs exclusive of the standard employee orientation. Give them the chance to participate in a physician advisory group or provide an opportunity to connect with colleagues who have experienced a similar transition.

In general, it is important to set clear and realistic expectations for those making the transition and those managing the newly acquired practices.

Processes

As a physician practice is acquired and transitioned, its internal processes will change. This requires careful review and planning.

First, the following questions should be considered when crafting a transition strategy for the physician:

- Is the physician on staff at competing hospitals?
- Does the physician share call coverage with physicians on staff at the employing hospital?

- Who are the physician's main sources of referrals? If those sources are physicians, where are those physicians on staff?

Second, consider needed changes to practice processes. Key questions include:

- What changes to the operational policies and procedures should be made?
- Will the practice's vendors change?
- Will the practice accept the same insurance plans?
- How will patient service be affected? Will there be a new financial policy?

Systems

During the acquisition process, review the practice's current IT systems and determine how to transition them to the hospital systems. Systems involved may include an electronic medical record, a patient scheduling system, e-prescribing and laboratory interfaces. As these systems are reviewed, a data migration of patient medical or demographic information may be considered to save the time and money of re-entry.

Most practices have a practice management system for performing billing. Since most hospitals have their own system, the practice PM system will not be used after the transition. However, since most hospitals don't purchase the physician's accounts receivable, the physician will be responsible for continuing to work outstanding accounts receivables and collect on outstanding claims. If the physician was hosting this system on a server in his or her office, the hospital will need to determine how to accommodate the practice's billing needs during the system transition.

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Provena Saint Joseph Medical Center Launches Smartphone App

Provena Saint Joseph Medical Center today announced a new partnership with Healthagen® to put medical and facility information into the hands of smartphone users with the free iTriage® application. Smartphone users can download iTriage for their iPhone®, iPod Touch® or Android™ smartphones through the app stores, or log onto www.iTriageHealth.com from any internet-enabled device to access healthcare information.

This interactive technology enables consumers to search medical symptoms, learn about the possible causes, and find appropriate locations for treatment.

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