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CLIENT NEWSLETTER

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FEATURE

Building a Successful Hospital Medicine Program

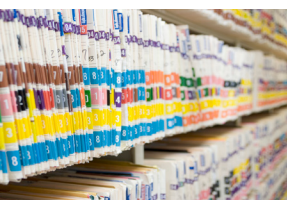
How will healthcare groups contend with the physician shortage and other recruiting difficulties to develop a successful hospitalist program?

Recruiting hospitalists is a brisk business. Hospital medicine has driven most of PCPs' growth, and it's no wonder that 500-bed and even 100-bed and rural facilities are overwhelmed by the demand for hospitalists, which exceeds today's supply. Even when equipped with the financial resources to train, recruit and manage their practice base, many healthcare groups are feeling the tight competition as they seek to expand their practice base and filter through an oversaturated market.

THE CONSEQUENCE OF ITS OWN SUCCESS

The importance of hospitalists is further encouraging the growth and demand for them. They can now be seen co-managing surgical patients, performing glycemic control, DVT prevention and antibiotics prescriptions, as well as evaluating elective surgical & pre-admission patients who would have otherwise seen cardiologists, neurologists, intensivists, orthopedic doctors, endocrinologists and emergency medicine physicians.

The unique hospitalist specialty may be a success in itself, with the American Medical Association citing its cost & quality benefits to healthcare facilities, but its



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growth has confounded even large hospitals like the Arizona-based Mayo Clinic into finding where to look for hospitalists. Kristen K. Will, MHPE, PA-C, related, "We found it difficult to recruit and find people who had training in hospital medicine. PAs are trained in primary care. If PAs have hospital experience, most of it is in the subspecialty area, but that doesn't necessarily carry over in knowing how to take care of general medicine patients in the hospital."

Additionally, healthcare systems, facilities & hospital medicine groups in Texas, California, Tennessee, Washington, Georgia and North Carolina grew and expanded to become major employers of hospitalists. At a time when hospital medicine expanded, from quality improvement to practice systems, training and workload, industry leaders predicted a demand for 50,000 hospitalists.

In 2007, there were 10,000 unfilled hospital medicine positions. Society of Hospital Medicine's (SHM) CEO Larry Wellikson, MD, FHM, remarked on the situation, "The flow is but a trickle and we need a rapid current. About 8% of internal medicine residency graduates enter hospital medicine. While 3% of hospitalists have been trained as family practitioners and general internists becoming hospitalists, we have a shrinking pool of potential new hospitalist." In the next decade, the Occupational Information Network expects a demand for 260,500 hospitalists.

GETTING CREATIVE

Physician recruitment and retention is a long, drawn-out challenge for every hospital, particularly for hospital medicine. For many market leaders and administrators, improving clinical results, as well as developing & maintaining an efficient hospitalist program, requires an effective recruitment plan that thinks outside the box. Michigan, for instance, recruits hospitalists through residency programs and advertises in national medical journals, but what made them successfully recruit 75% of physicians in their community is through a loan forgiveness program.

Scott A. Flanders, MD, Associate Professor and Director of University of Michigan's Hospitalist Program, explains, "Hospital medicine is a young field, so by definition the physicians are young. You're not going to attract 40 or 50-year-old physicians who want to go into academics, but this might apply to young hospitalists." Their loan forgiveness program pays back student loans capped at \$10,000 annually for five years, and

QUICK SURVEY

PHG Surveys Physician Perception on the Healthcare Reform Bill

Pinnacle Health Group conducted an email campaign by surveying physicians about their thoughts on the healthcare reform bill. The survey started in May and was continually sent to respondents until September 2010. We queried 5,000 actively practicing doctors, residents and fellows across the country, which yielded a 22% response rate.

Almost two-thirds of doctors who answered the survey worked for a for-profit facility, while 35% worked in non-profit healthcare groups. The demographic of physicians who answered the survey are predominantly single specialty and hospital-employed physicians (35.7% and 27.5%, respectively).

WHAT PRACTICE SETTING ARE YOU CURRENTLY IN?

Solo practice	16.5%
Single-specialty	35.7%
Multispecialty	15.2%
Employed by hospital	27.5%
Locum tenens	5.1%

Physicians cite "compensation" as the most relevant issue that will affect physicians (91.6%) as well as the "financial implications of the reform on their practice" such as reimbursements and overhead expenses (81.9%). One physician remarked, "With the exception of the last two years, inflation usually occurs at a rate of 3% each year, yet Medicare reimbursements keep shrinking over the last 10 years. How is this system sustainable? If the workers' salaries and administrative costs keep increasing, doctors will soon go out of business or have an unacceptable standard of living, given all the responsibility and stress of being a physician, and leave the profession, especially since the government is trying to lower the Medicare age even further."

Another related, "The bill and other aspects of medical reform are only increasing practice overhead such as making EMRs essentially mandatory. They are also increasing the administrative work that is not compensated such as mandatory reporting of outcomes."

The quality of care delivered to patients is also a big concern for 77% of surveyed physicians. "I think the reform will leave us with an overall preventive care and care for minor ailments available to all, but anything beyond that will become 'rationed,'" opined one doctor. "Currently, the US has a significant number of chronic care and advanced care needs patients. The new healthcare bill does not provide adequately for the monetary or physician resources necessary to meet the needs of those patients. In addition, the profession of medicine is likely to become one of 'technicians' who learn the mechanics of providing

PINNACLE HEALTH GROUP

PINNACLE LOCUM TENENS

with the added value of benefits & loan forgiveness, it adds over \$50,000 to a hospitalist's compensation. Flanders added, "Our group of hospitalists went from zero to 16 by the end of this year—all in two years. We've literally doubled each year."

Hospitals in Columbus, Ohio, Albuquerque, New Mexico, Coeur d'Alene, Idaho and Murphy, North Carolina, which targets smaller and tighter markets, appeal to physicians by advertising the quality of life in their communities, to which over 80% of total physicians are particular about. Grant Medical Center's Medical Director Rohit Uppal, MD, on the other hand, uses hospital medicine fellowship programs to recruit potential doctors for their facility.

In Springfield, Massachusetts, they have configured their compensation plans to meet their productivity and retention goals. Conversely, hospitalist services in Staten Island, New York, are considering putting housing, relocation and mortgage in their staffing plans. Aaron Gottesman, MD, FACP, CHCQM, its Hospitalist Services Director, added "that creative solutions are imperative, but a signing bonus alone would either have to offset the potential mortgage payments as well as take into account the potential for further home value deflation and prolonged distant homeowners' anxiety." While an added \$50,000 signing bonus does not appeal to hospitals, financial investments turn into creativity, which can result into successful recruitment.

HIRING THE BAD HIRE

Recruiting for a hospitalist program under a tight marketplace should also consider the community and practice fit for the physician.

Florida-based Synergy Medical Group's CEO Chris Nussbaum says that physicians with "such callous



behavior would send shock waves through any group." In fact, hospitalist directors are reporting physicians who, despite their clinical experiences, upset their organizational structure simply because they professionally do not match with their facility.

Seattle's Swedish Medical Center's Medical Director Per Danielsson, MD, says, "We work hard, and, if we have a position vacant, we'll work even harder for short periods of time until we find the right person. The CV and interview are important."

For many hospitals, hiring quality physicians for their facility is critical for their success. It also prevents the direct costs as well as the spent time and effort entailing from hiring "the bad hire." Hospital leaders must also consider their own role in managing their employees, which translates into spending the time needed for the hiring process and recruitment decisions.

OUTSOURCED HOSPITALIST MANAGEMENT GROUPS

Hospital administrations seeking to reduce costs and increase productivity by handing away their hospital medicine to external management groups (hospital management groups / HMGs) is a business model in itself. For many hospitals, it is an opportunity to measure how these management companies align with their own hospital goals while continuously providing inpatient care to their own facilities.

HMGs have an integral independence and flexibility that large hospitals invest to. Moreover, outsourcing the practice to an external management company lessens regulatory risks as well as administrative and recruiting burdens. They also have the business infrastructure and technology such as recruiting, QA, physician performance and billing

QUICK SURVEY

PHG Surveys Physician Perception on the Healthcare Reform Bill (cont.)

medical care but not the deeper skills needed.”

Another remarked, “If access is independent of responsibility, it will result in greater consumption and greater overall costs. This, along with increased time and expense to comply with regulatory oversight, will increase provider fatigue and degrade the quality of actual care delivered. I am at or near capacity now and cannot foresee how to do more with less.”

Another physician commented, “The quality of medicine will likely decrease as it will possibly become financially untenable to sustain a practice with the impending reimbursement reductions and increasing overhead costs. Physician extenders will most likely shoulder some of the burden and the private practice of medicine as we know it will become obsolete and replaced with clinics with enormous wait times and less qualified practitioners.”

WHAT IS THE DEMOGRAPHIC CLASSIFICATION OF THE COMMUNITY YOUR PRACTICE IS IN?

Non-metropolitan (less than 50,000)	23.2%
Metropolitan (50,000—250,000)	29.4%
Metropolitan (250,001—1,000,000)	22.4%
Metropolitan (more than 1,000,000)	25%

Half of all surveyed physicians also consider malpractice / tort reform as a critical factor for effectively practicing medicine. For an ER physician, “Tort reforms can help us decrease defensive medicine strategies. No tort reform means no separation of legitimate and frivolous lawsuits, which can further the cost of medicine. While congress cites malpractice insurance is only few percent of overall healthcare expenditure, it is the excessive use of healthcare resources due to defensive medicine that drives healthcare and doesn’t get included in the equation. Rational use of healthcare resources can only come with tort reform.”

Another physician commented, “Declining reimbursements without tort reform to contain physician expenses is untenable. Most single-payer models that other countries have that are so touted by politicians also include an assumption of medico-legal risks by the government rather than the individual practitioner. By not including these measures in the bill, it unfairly places the burden of medical costs on the physicians.”

Physicians are also optimistic about the bill. A Radiologist related, “At our locale, ER is way overboard with unnecessary procedures like CYA, defensive medicine, CT and other high tech imaging. If there were more in line we could shave the health care bill by about a third. What is it about more insured patients and less interference from the

among others. This includes a fixed expense for the hospital, as well as a constant supply of hospitalists who would cover their program.

On the other hand, other hospitals would recruit and employ their own physicians to take control of their own alignment goals. This is particularly true for hospitals that do not want the larger risk of misaligning their facility’s quality inpatient care, utilization and patient satisfaction, along with recruitment and retention. HMGs usually offer little control to the doctors they bring in, which often translates to concerns about the quality of physicians brought into the community. Although they can fully cover the program, HMGs do not necessarily bring in physicians who fit the facility and community. Additionally, hospitals usually are not legally empowered to terminate these physicians—they are often compelled to concede more rapidly with the HMG’s contract, or stand the risk of losing all their hospitalists at once. Hospitals are also confronted with priority concerns because these external management companies have conflicting interests with the hospital, like in admission rates, compensation, scheduling and resource use.

Recruiting on your own gives you back the freedom to develop and expand your own practice. In fact, the Society of Hospital Medicine reported that there is no perceived difference in physician performance and productivity metrics such as admission, readmission and length of stay for hospital-employed hospitalists. Whatever the strategy of the hospital is, its business model should adapt and fit into the hospital’s goals.

HELPING HANDS



Medical groups have many different recruiting strategies, and large healthcare systems are banking on their previous experience with outsourced firms as they align their hospitalist programs with in-house recruiting methods, such as those in Richland, Washington and Somerset, Kentucky.

Jeffery Hay, MD, Senior VP for Medical Operations & CMO of Lakeside Comprehensive Healthcare at Glendale, CA, also remarks that recruiting initiatives differ between bigger hospitals and smaller facilities. While the former has the financial stability, small hospital medicine groups can be niches for long-term physicians. Although they do

not differ much in compensation, the size of the facility often involves shift coverage, the facility's rate of growth, the number of hospitalists in the program and the scope of support from sub-specialists. Norfolk, Nebraska-based Faith Regional Health Services' Hospitalist Director Joe D. Metcalf II, MD, said, "A smaller institution is often more amenable to the introduction of change, which may be attractive to a hospitalist who has an interest in medical processes, quality and safety."

Healthcare systems that have the required financial resources may be more successful at it, but according to the IPCs The Hospitalist Company, Inc.'s CEO Adam Singer, MD, "A hospital attempting to go it alone will quickly discover that its options for finding local inpatient physicians have dwindled to the point where it would be forced to recruit regionally and even at the national level in order to achieve and maintain its staffing quota."

Conversely, recruiting firms are capable of improving and fine-tuning staffing development in a timelier and low-cost manner than what many groups can do for themselves, particularly to smaller facilities that have limited recruitment metrics, reporting and measurement capacities integrated in their systems. "Additionally," says Singer, it "ensures that regulatory hazards such as corporate practice of medicine and self-referral laws are effectively managed with minimized risk to the hospital."

Building a successful hospitalist program means contending with the challenges of the industry and the future realities that will come into play. With the right approach and resources, hospital medicine groups can maintain a successful practice.

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SUCCESS STORY

PHG finds Board-Certified Psychiatrist for a 241-bed hospital!

THE NEED:

This 241-bed facility is a major provider of advanced health and medical services in the Midwest, growing into 17 satellite centers and more than 1,750 employees. The facility recently lost a physician in their department and urgently needed a new doctor. This physician will also be tasked to build an outpatient practice, cover ED consults and manage patients on their inpatient service. Because of preferred balanced lifestyle among physicians, inpatient coverage / call responsibilities were seen as an added challenge in recruiting their new physician.

THE ACTION:

Pinnacle Health Group worked quickly in implementing a recruitment campaign with the hospital administrators. PHG made a first-hand community profile and personally toured the facility and the community to better assess what approach would work best.

PHG implemented direct mail campaigns using Digital Press and posting advertisements to online job distribution services as well as various print and specialty-specific publications. PHG also sought a bigger, yet quality, pool of physician candidates through niche venues and communicated with passive job seekers. After consultations and further assessments, PHG acquired many responses to these approaches, with online advertisements producing the best results. Like every successful placement, PHG regularly worked with the administrators and provided updates on the recruitment process.

THE RESULT:

There were issues over the facility's compensation arrangement because of the added inpatient consults, so Pinnacle Health Group met with the administrators and leveraged the practice opportunity by raising the base salary.

PHG was able to present a Florida-based physician who was greatly interested in the opportunity due to family-related reasons, particularly her college-age children studying near the community. Aside from a great personality, the client was impressed with her expertise and skills, particularly her willingness to accept higher inpatient consults.

After further site visits and negotiations, the hospital client hired the physician. With good communication, attention to detail and excellent negotiation skills, Pinnacle Health Group has yet again exceeded client requirements!

If you are interested in our recruiting services please contact Mike Broxterman, Chief Operating Officer, at 1-800-492-7771 or send him an [email](#).

QUICK SURVEY

PHG Surveys Physician Perception on the Healthcare Reform Bill (cont.)

insurance industry in the care we provide that is objectionable?"

A private practice doctor remarked, "In general, more coverage for more people will improve my practice, because I take care of many underinsured patients. The changes should balance out that discrepancy between practices. I think the healthcare reform bill is a step in the right direction. It is going to take some time, particularly with re-establishing a different hierarchy of care. There needs to be more emphasis on primary care medicine and incentives to encourage people to go into primary care practice." Another physician commented, "Expanding coverage from 85% to 95% isn't going to ruin medicine. In fact, it will assist my patients with life-threatening illnesses and avoid pauperization. All other industrialized societies have provided this coverage as has the insurance given to veterans and the US Congress. Underinsured Americans can eventually benefit."

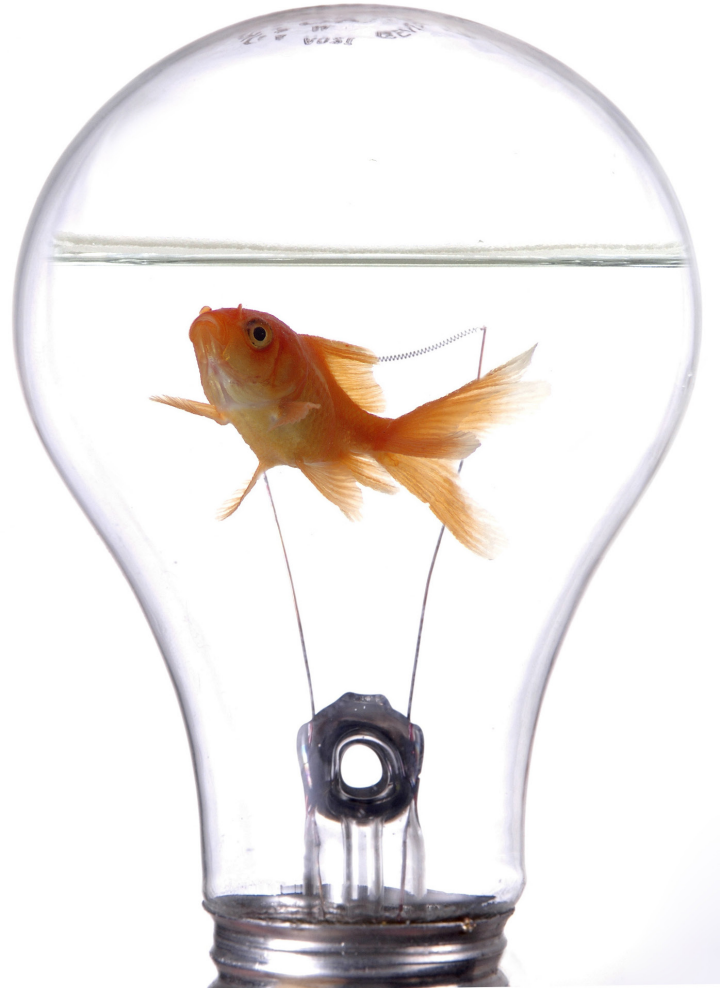
WHAT AREAS / ISSUES DO YOU THINK WILL AFFECT PHYSICIANS IN RELATION TO THE HEALTHCARE REFORM BILL?

Note: Physicians were allowed to mark any options that apply.

Compensation	91.6%
Administrative work	72.2%
Quality of care delivered to patients	77.4%
Patient volume / call coverage	64.4%
Malpractice	50.5%
People who will want to pursue medicine as a profession in the future	72.7%
Physician recruitment	54%
Physician retention	61.2%
Legal implications of the reform on practicing medicine	55.9%
Financial implications of the reform on my practice, i.e. reimbursements, overhead expenses	81.9%
The opportunity to advance in my career	29%
Declining practice setting	60.3%
Improving practice setting	9.1%



WE THINK DIFFERENT.



In physician recruiting, timing is everything. When identifying your need for a physician, success starts in how proactive your methodologies are when reaching out to your preferred physician candidates.

Pinnacle Health Group is a niche expert. We represent your group by concentrating on the capabilities and competence of your opportunities as well as the advantage of your community to your potential doctors.

Let's discuss how we can help you anticipate your needs so you can maximize your resources and return on investment—call us at 1-800-492-7771 and talk to PHG COO Michael Broxterman (Southeast / West), VPs Rich Gehrke (South / Midwest), Tom Broxterman (Mideast), Richard Zuber (Northeast / Mid Atlantic) and Bob Rector (Florida).

