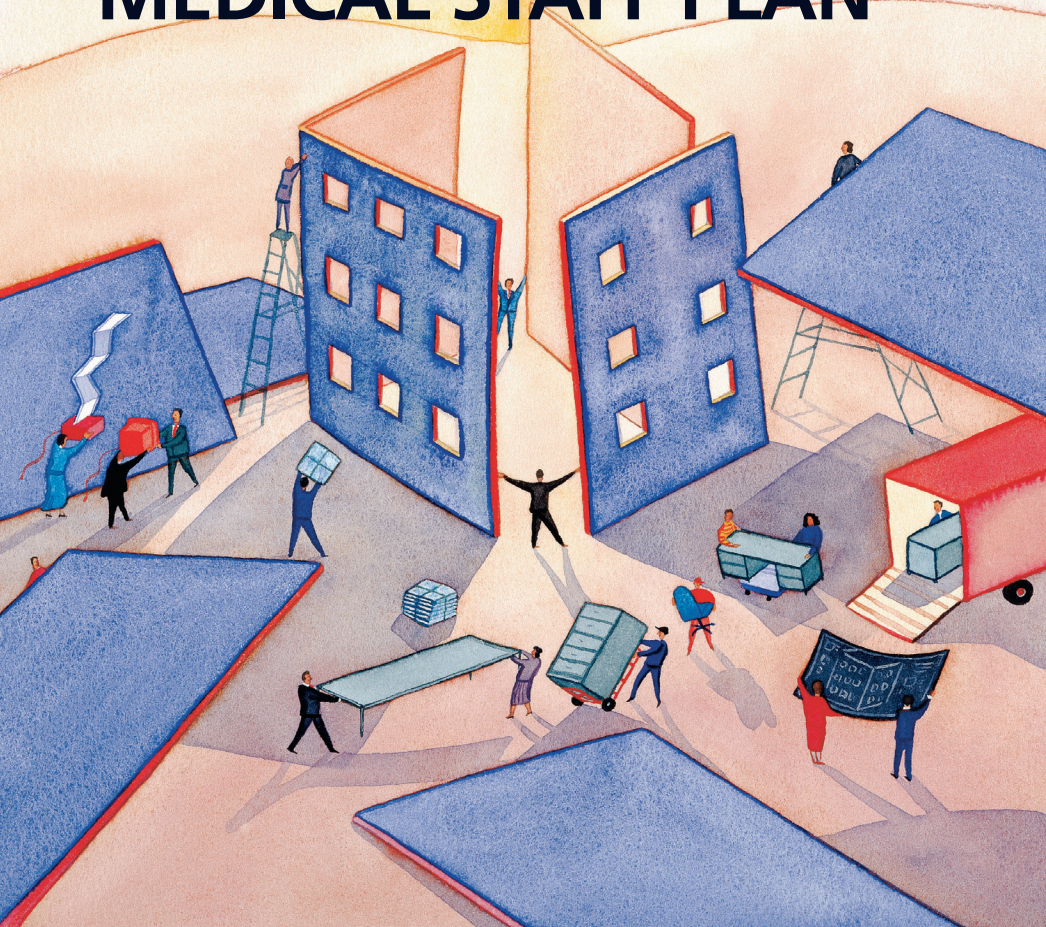


PINNACLE HEALTH GROUP

CASE STUDY

GOING BEYOND THE NUMBERS – AN IMPLEMENTATION PROCESS FOR YOUR MEDICAL STAFF PLAN



Learn more about Pinnacle Health Group (PHG) by visiting www.phg.com or calling 1-800-492-7771 (main) or 404-816-8831 (local).

Pinnacle Health Group is member of the National Association of Physician Recruiters (NAPR) since 1995.

PHASE I – DEVELOPMENT OF THE MEDICAL STAFFING PLAN:

While many hospitals focus on getting ahead of the curve in medical advancements, information technology and infrastructure – facilities may neglect to spend as much time ensuring that they have the right physicians to meet the future needs of their community. One tool that is used by facility



leaders and administrators is a medical staff plan. A staffing plan guides physician recruiting efforts, providing facilities with a blueprint they can follow to know how many and what types of physicians to recruit in each specialty.

Whether a hospital conducts its own medical staff planning or contracts with a consulting firm, every hospital should have an up-to-date staffing plan. Reports suggest that medical staffing changes are becoming more common – while in the past changes in practices averaged 6-7% a year, medical staff changes in the 10 – 20 percent range are becoming the norm. Two factors driving this increase are the high number of physicians moving from private practice to employment models and the larger number of physicians who are of retirement age. It is therefore recommended that facilities complete a staffing plan about every three years and revisit the plan annually to make necessary modifications.

WHAT INDUSTRY CHANGES ARE IMPACTING MEDICAL STAFFING?

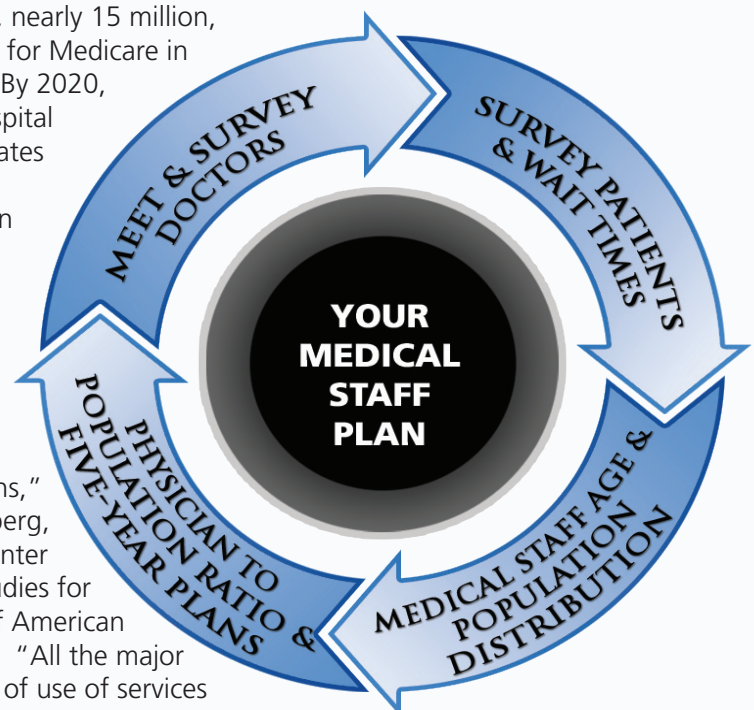
There are a number of forces driving changes in the healthcare industry that have an impact on physician recruiting. The most significant may be the accessibility of physicians in key specialties. According to estimates by the Association of American Medical Colleges, there will be a shortage of 63,000 doctors by 2015 and 130,600 by 2025. The Office of the Inspector General has cited physician scarcities in various specialties including: obstetrics, family practice, general surgery, neurosurgery, orthopedics, urology, otolaryngology, cardiology, gastroenterology, neurology and oncology. One of the factors contributing to the shortage is the large number of medical professionals reaching retirement age. It is estimated that one out of every three practicing physicians in the U.S. is over 55 and many of them are expected to retire in the next 10 to 15 year.

As physicians are moving towards retirement, the aging population is also impacting the patient base, with a large group of patients, nearly 15 million, becoming eligible for Medicare in the coming years. By 2020, the American Hospital Association estimates that boomers will account for four in 10 office visits to physicians. “The data is very clear that older Americans use more physician services than younger Americans,” says Edward Salsberg, director of the Center for Workforce Studies for the Association of American Medical Colleges. “All the major illnesses, in terms of use of services

and costs of services, are illnesses that afflict the elderly far more than young people. Things like heart disease and cancer clearly are very, very heavily associated with aging.”

The limited physician supply with growing demand will obviously impact an organization’s ability to recruit physicians and thus deliver necessary healthcare services. Two additional forces that are sure to impact physician staffing are economic and regulatory uncertainty. Although it is still not clear just what healthcare reform will look like and what the ultimate impact will be – there is no denying that the nation’s healthcare cost curve is changing. Economic pressures along with regulatory pressures will ultimately change the services that healthcare providers are able to offer their communities and changes in service offerings go hand-in-hand with changes in staffing requirements.

Given all of the forces driving change, the most important consideration for hospitals is



WHAT YOUR MEDICAL STAFF PLAN MAY LOOK LIKE. ➤

Medical staff plans usually only compare patient base and established benchmarks over a five-year projection.

obviously to ensure that patients have uninterrupted access to high-quality healthcare services. A medical staff plan will help healthcare organizations promptly address transitions and fill current and potential gaps in the availability of physicians who will service the community. To ensure the plan is effective, there are certain mistakes that need to be avoided during development and implementation.

COMMON MISTAKES IN DEVELOPING AND IMPLEMENTING A MEDICAL STAFF PLAN:

1. Failure to involve medical staff in the planning process:

Whether a hospital conducts its own medical staff development plan or contracts with a consulting firm, it is crucial to involve medical staff members in the process. By involving physicians from inception, they better understand the hospital's goals and recruiting decisions. Physicians have insight into specialist referral patterns and other issues that impact the ability to see patients in a timely manner—this is crucial information to have as you go about implementing a staffing plan. If plans are developed exclusively by senior executives and the board, others will feel that the

plan is being imposed on them and they may be less committed to assisting with successful implementation.

2. Ignoring changes in the way healthcare is provided:

There are a number of changes that have taken place over the last several years that need to be considered to ensure physician need calculations are not skewed. The first example is the increased use of non-physician or mid-level providers. Many healthcare providers have been faced with the need to provide more primary care and at the same time lower their costs. An increased desire to deliver primary care at a discount along with the shortage of available primary care physicians, has prompted many to consider hiring more mid-level practitioners to do some of the work once performed by primary care doctors. It would be a mistake to overlook this possibility. A second example would be the increased use of Hospitalists and Laborists. Hospitalists typically function as internists, but also work as subspecialists in areas such as pulmonary medicine or obstetrics / gynecology. Laborists, whose sole focus is to manage the patient in labor, ease the burden on OB/GYNs by allowing private OB/GYNs less disruption in their office and operating room schedules. Other changes in care patterns to be considered include increased screening

colonoscopies to detect colon cancer which has raised the need for gastroenterology and growth in interventional cardiology procedures which has decreased the need for cardiac surgery.

3. Assuming that one set of physician-to-population ratios applies to all markets:

While there are many markets with the same population numbers, there can be underlying differences in the population needs driven by health status or age mix of the residents. An example would be the need for pediatrics or cardiology in cities with very different age demographics. For instance, Fort Wayne, Indiana and Sarasota, Florida have a similar population but vastly different demographic make up. The need for pediatricians in Sarasota, FL will not be nearly as great as the need in Fort Wayne, IN. The same difference applies to the need for cardiologists in Sarasota versus Fort Wayne.

4. Looking at the hospital's strategic or economic requirements rather than community needs:

Gone are the days when a hospital could bring in more revenue just by hiring more doctors. As John Commins from HealthLeaders wrote, "As with any industry, the business model follows the labor pool. The days when American hospitals and medical groups could backfill their service or revenue or quality issues by throwing more doctors at the problem are soon to be over, because physicians will be either unavailable or too expensive. With fewer revenue engines in white coats to go around, hospitals will have to begin processes now to explore opportunities for nurses, technicians and other professionals to close the gap."



So in summary, avoid these common mistakes by making sure you:

- 1) involve medical staff on the front end of the medical staff planning process;
- 2) consider the changing ways that patient care is provided including the potential impact of mid-level providers, hospitalists, laborists etc.;
- 3) make sure you have accounted for the unique demographics that make up your population/patient base and
- 4) put community need first in both plan development and implementation.

WHAT YOU CAN DO TO ENSURE A SUCCESSFUL OUTCOME:

In addition to the steps listed above, other things you should do to ensure a successful outcome include:

- **Make sure that your plan includes both quantitative and qualitative data.**
Examples of qualitative data that should be included are:

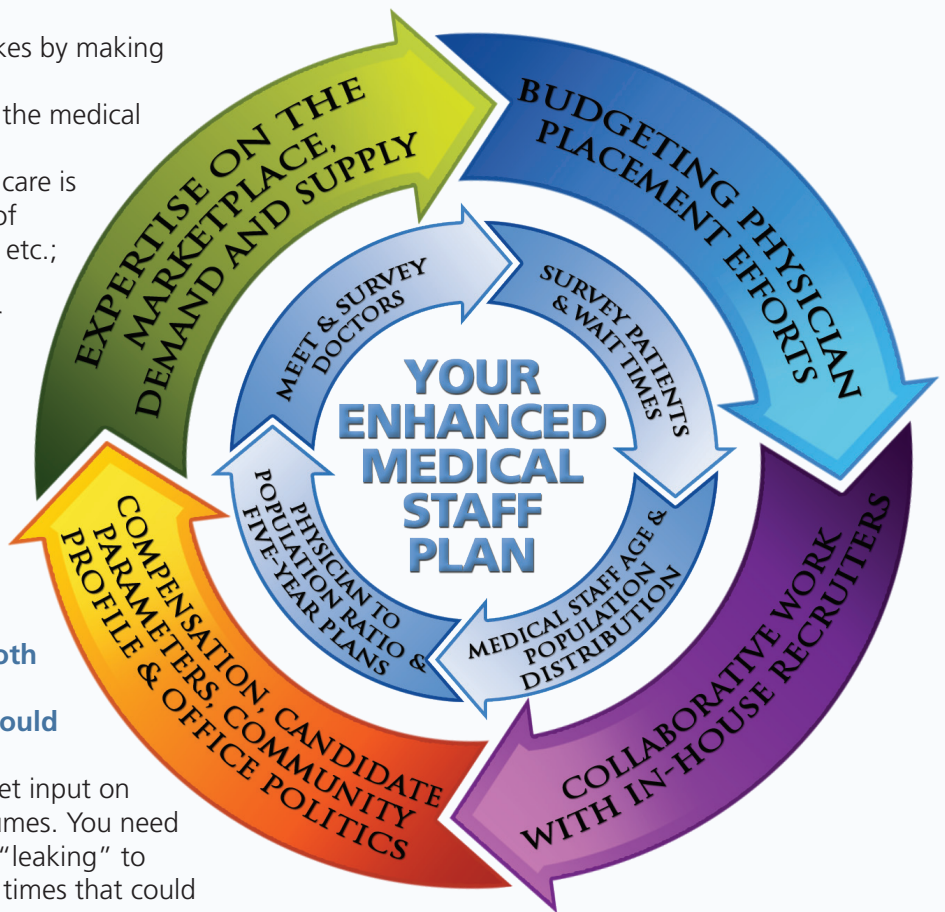
- A survey of the medical staff to get input on patient referrals and practice volumes. You need to determine if there is potential “leaking” to competing practices or long wait times that could lead to patient frustration.
- A community survey to get patient perceptions on access to healthcare as well as facility and physician quality. In some cases the physicians may not be aware of patient frustrations caused by long wait times or quality of care. It helps to ask those that you seek to serve.
- Physician focus group interviews to evaluate access in the physician’s specialty, referral patterns, and “hot spot” concerns for medical staff. You should also seek opinions of primary care physicians who may have insight into specialist referral issues as they may also be knowledgeable on other areas impacting their ability to see patients in a timely manner.

- **Make sure that you are getting the most of our your existing staff, i.e.:**

- In some cases facilities can mistakenly identify unproductive practices or physician staff as physician need. It is therefore important to make sure that current resources are being properly utilized.

- **Understand Market Conditions by Specialty**

- Consider looking at a wide range of data to determine what the market expectations are for a given specialist. Physician compensation data



▲ WHAT YOUR MEDICAL STAFF PLAN SHOULD LOOK LIKE.

An enhanced medical staff plan not only compares patient base with certain benchmarks, but also takes into account the viability of your physician searches and conducting implementation analysis to the difficulty of each physician search and how you should prioritize them. CEOs, administrators and hospital leaders also need to understand the current trends in the marketplace and how your physician recruitment efforts align with their facility’s compensation structure, candidate parameters, community profile and candidate politics.

from the Medical Group Management Association (MGMA) is useful, but can be a bit dated (depending what time of year you are looking at it). Speaking to those who are actively recruiting a given specialist will give you “real time” data on what prospective candidates are expecting in a compensation package. As an example, right now, MGMA data states the median income for Outpatient Family Medicine is \$188,000+/- . Based on what the market is dictating for open positions across the country, a competitive offer for Outpatient Family Medicine is closer to \$200,000. Keep in mind that many factors come into play when recruiting any physician. Make sure the offer is competitive (or better than competitive), that the employer is looking for the right specialists with the right skill set and that the timeline is realistic. If the search is for a very specific skill set with below market money, than expect the search to

go on longer. If there is a high sense of urgency, then the parameters and compensation must be adjusted accordingly.

— Assess Internal Resources and Ability to Recruit vs. Need for External Assistance

- Assess the resources you have on staff and whether you have the ability to recruit the physicians you need utilizing these resources. There are any physician database/job board tools that you can use if you choose to conduct some of the searches internally. If a number of searches are needed, it may be more effective to choose a search firm that can assist you with your recruiting efforts. Interviewing a number of firms will help you to assess the capabilities of each and identify a firm with the knowledge and expertise you need to be successful. A search firm can help to assess the competitiveness of your practice opportunity in the market.

— Create a Plan to go After Your Target Market

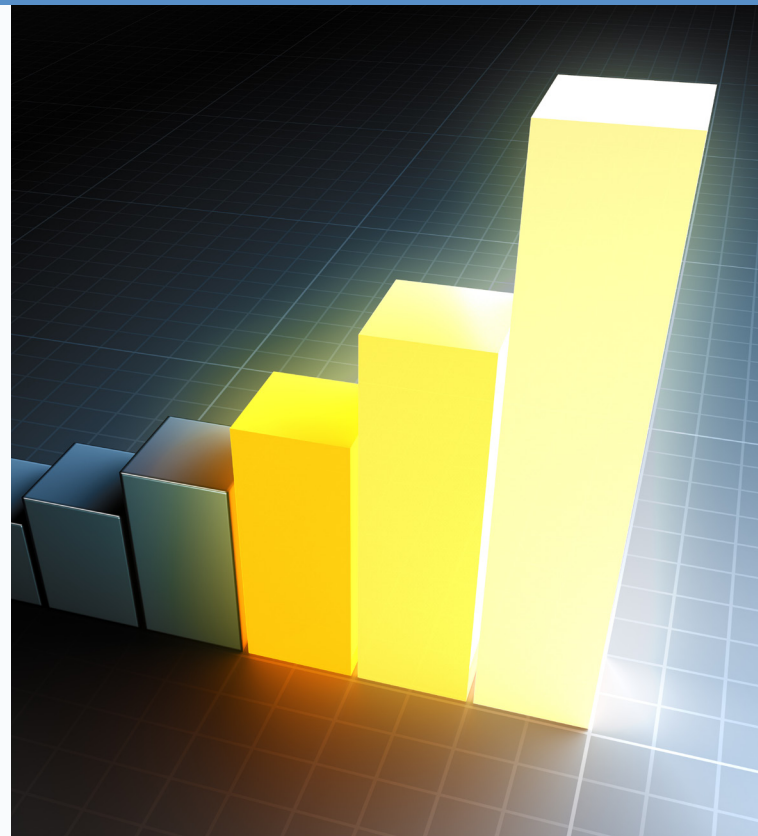
- Given information about the opportunity, a detailed sourcing plan should be developed to go after each target market. A good sourcing plan will utilize a number of tactics for reaching your target market including: direct mail; journal ads; email campaigns; social media, etc. You must realize that different physicians can be reached through different communications methods; therefore a variety of channels should be utilized.

— Budget for Searches by Specialty

- The budget will determine the balance between internal and external resources that will be used. You should not assume that every search will cost the same amount, “harder to place” specialties may require larger budgets for additional sourcing campaigns.

— Predict Length of Time Needed for Each Search

- Predicting the time needed to place a doctor will be driven by three variables 1) the offer /



compensation; 2) the urgency and 3) any unique parameters associated with the search. Recent surveys indicate that timelines for a successful physician placement have practically doubled since 2002, so it is imperative that you are realistic about what it will take to find the right physician to meet your practice need.

— Generate a Timeline to Start Recruiting

- A standard medical staff plan sets a minimum target for when to start a physician search, but it is essential that you use the information above to generate a more realistic timeline that determines when to start recruiting. Since each specialty and situation varies tremendously, it is important to plan when you will start your search and what resources (internal versus external) will be used. It is wise not to wait until you have failed internally to seek external assistance, but instead to plan according to the difficulty of the search.

— Prioritize the List of Searches

- Based on the timeline, your final determination is which search needs to be done first and which searches can begin later. In summary, the key to every physician search is setting it up right on the front end so that good upfront planning will pay dividends in the end.



CASE STUDY: AN EXAMPLE OF HOW UTILIZING A SEARCH FIRM TO IMPLEMENT A MEDICAL STAFF PLAN HELPED ONE HOSPITAL AVOID MAKING COMMON MISTAKES

Background:

This Georgia-based health system is a 200+ bed, full-service medical center with over 1,000 employees. This facility provides inpatient and outpatient services, patient / family support, community outreach as well as diagnostic and therapeutic imaging services, and has more than 125 active physicians in over 27 specialties.

The Plan:

The hospital hired consultants to complete a medical staffing plan and utilized the services of Pinnacle Health Group, a full-service recruitment firm, for assistance in implementing the plan. Their staffing plan included the following:

- Population projections;
- Projected demographic changes;
- Service line expansion needs as projected by the CEO and his key advisors;
- Infrastructure investment needs as reported by physicians;
- Use of hospitalists;
- Inventory of doctors/physicians (full and part time);
- Future needs for physicians in various service lines;
- Number of competitive primary care docs.

The medical center also benchmarked the community's need for additional physicians using statistical models that helped them quantify service area needs. Inputs to the model included physician-to-population ratios for metropolitan and rural communities, managed care market penetration and annual physician visits.

Pinnacle Health Group's Role:

Pinnacle Health Group (PHG) was hired to implement the staffing plan on a retained basis. PHG evaluated the client's searches by interviewing key medical staff and executives. Throughout this process, PHG communicated with administration to report findings that the medical staff would like to see added.

Four search needs and outcomes are listed below:

- **Neurology** – There was a huge need for neurology services in this community. In PHG's interviews with the medical staff, each specialist indicated (without prompting) that there was a need for neurology. Considering there was not an existing practice in town, the new neurologist would be alone, so PHG recommended setting up the search as a "consultative only" practice with no ED call requirements. The hospital did as was suggested, and PHG successfully provided the hospital with six viable

candidates. The client is currently in the process of choosing between two of them.

- **Pediatrics** – There was a need to recruit into existing private practices. The private practice pediatricians said they were not sure if they were busy enough to add another pediatrician. One was open to expanding, and if she did, then she might be willing to add another to her practice. There were several private competing practices. PHG had suggested the client employ an existing practice instead of recruiting pediatricians to the area. The private practice doctors learned that the PHG client was considering adding new hospital employed doctors and asked the hospital to buy their practice.
- **Hospitalists** – There was an ad hoc group of local doctors who also had private primary care practices. Other primary care doctors were reluctant to admit their patients to the hospitalist group because of the fear of losing patients to the other primary care physicians. Because of this set up, it had been hard to formalize a permanent hospitalist group. PHG advised the hospital to rethink this strategy as the desired outcome seemed unrealistic.
- **Pulmonary Critical Care** – This group had been looking for an additional specialist for over two years. By national standards, the earning potential was low. Additionally, the parameters were very narrow, as they were looking for a doctor who had ties to the area. They were also limiting their search to candidates who were educated in the United States. Lastly, the position required an Internal Medicine call in addition to PCC call. After consulting with the group, the client ultimately decided not to recruit until they could find a way to make the practice more attractive to the national PCC marketplace.

Conclusion:

PHG helped the client use their medical staffing plan to place a new neurologist, buy an existing practice, and avoid embarking upon unmarketable searches. The client was able to avoid spending unnecessary resources and time in pursuing searches that were undesirable. PHG also communicated with staff throughout the process to ensure the plan matched their needs. This communication allowed PHG to find the community the neurologist they all saw a need for. By following the plan, the client left pleased with the results of their searches and gave the community a better health care system. **PHG**

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Pinnacle Health Group (PHG), established in 1994, is one of the nation's largest physician recruitment and healthcare staffing firms with over 18 years of experience, delivering high quality, results-focused service to many healthcare organizations throughout the United States, dedicated to fulfilling the professional needs of the physician. Pinnacle Health Group can also provide licensure and credentialing assistance, with hundreds of dedicated clients throughout the US. Visit their website for disclaimer / privacy policy page and more information. For comments, suggestions and queries, email us at info@phg.com or jjohnson@phg.com for Julie Johnson, jestialbo@phg.com for Andrew Estialbo and mbroxterman@phg.com for COO Michael P. Broxterman, or call us through 1-800-492-7771 (main) or 404-816-8831 (local).

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