

Consider the Risks of Physicians Left out of the Loop

“It is impossible to do a deal that will not somehow affect those outside the deal”

Healthcare makes for strange bedfellows: beware of those who are not chosen to be in that bed! As physicians and hospitals try to find ways to shore up declining revenues, they occasionally decide to partner in some venture which seems to have synergistic opportunities. Such ventures are usually fraught with regulatory and financial risks.

There are also relational risks, but those risks are not always evaluated as closely as the regulatory and financial risks. Hospital executives should be mindful of the political and relational side effects that may arise when the hospital formulates a financial arrangement with certain of their staff physicians or physicians new to the community. Such arrangements include:

- The purchase of a medical practice
- The employment of physicians
- Contracting physicians for professional services
- Co-ownership of ancillary services
- The payment of physicians for administrative functions
- Funding the start-up of a new practice
- Physician Recruitment to existing practices

Such ventures can stir the blood of those physicians not on the inside of the deal. They may feel left out and unappreciated. There are several pro-active steps that may be taken to attempt to blunt hard feelings.

1. Where possible, explain the positive effects of the venture to all staff physicians as soon as the deal can be made public. Explain the benefits of the venture to the community, the hospital and the patients. Don't make it a group explanation; if possible, go to each practice separately and give each group of physicians the opportunity to voice their opinion.
2. Most physicians want their hospital to be a “winner”. Present a picture of how the venture continues the hospital as a viable health partner for all staff physicians.
3. Provide a “six degrees of association” which shows how the venture, though not including all staff physicians, indirectly benefits all community physicians.
4. If the hospital board includes community physicians, ask them to interact with the non- included physicians.
5. Where the hospital does not already have a history of financial ventures with physicians, it may be advisable to create a non-economic partnership first, in order to establish a pattern of working together and shared trust.

And remember, hospital executives are not playing with their own money; the physicians are!

David Shipman, Ruiz & Flint, www.ruizassoc.com

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