



## **Hospital-physician marriages: What will make this round stick?**

By Debra Beaulieu

The trend toward physician-hospital alignment continues to build with gusto. But unlike the failed unions of the 1990s, there's more need and incentive for these marriages to stick, notes a recent commentary in the New England Journal of Medicine by Dr. Robert Kocher and Nikhil R. Sahni.

As Kocher, an internist and director of the McKinsey & Company Center for U.S. Health System Reform, told New York Times health blogger Pauline Chen, MD, "It won't be as easy to undo this time because of the tremendous, simultaneous changes in the payment system and health information technology...Right now you may know how to make money in a fee-for-service world; but you'll have no experience in the payment system five years from now."

Meanwhile, a new report from PricewaterhouseCoopers' Health Research Institute provides physicians and hospitals substantial insight into what each party is looking to gain from alignment and what they're willing to contribute.

For example, 45 percent of surveyed physicians who are considering hospital employment said they would expect to be paid up to 4.7 percent more than they are now, while another 38 percent would expect the same pay they're earning now. Hospitals, on the other hand, said that in order to pay physicians higher salaries, they will need physicians to not only help reduce supply and infrastructure cost, but also to generate additional revenue.

In addition, more than 90 percent of the physicians surveyed said they should be involved in hospital governance issues such as serving on boards and in management, and taking part in performance improvement, with over two-thirds indicating that they have the time to engage in leadership activities at hospitals. While hospitals agree that physician leadership will be necessary, however, hospital executives interviewed for the PwC report said that most physicians need to develop better leadership skills.

Recognizing that newer MD/MBA programs are of little help to current physicians, some organizations, such as Baylor Health Care System, have developed their own programs to educate physicians on theory and techniques related to quality improvement, outcomes management and staff development.

According to the report's authors, there are three common denominators of successful hospital-physician marriages: shared governance, aligned compensation and changing practice patterns. For this week's expert Q&A, we spoke with Warren H. Skea, director of PwC's Health Enterprise Growth Practice and one of the authors of the report, From courtship to marriage Part II: How physicians and hospitals are creating sustainable relationships, about what practices can take away from this research.

[http://www.fiercepracticemanagement.com/story/hospital-physician-marriages-what-will-make-round-stick/2011-04-20?utm\\_medium=nl&utm\\_source=internal](http://www.fiercepracticemanagement.com/story/hospital-physician-marriages-what-will-make-round-stick/2011-04-20?utm_medium=nl&utm_source=internal)