Next Generation Physician–Health System Partnerships

Craig E. Holm
Health Administration Press, Chicago, 2000, 160 pp., $49 (paperback)

Watching health care systems and physicians go about the difficult and often painful process of retooling for the uncharted future, one wonders why they often behave more like competitors—or at best codependents—than partners. Most observers agree that they would be better off working as one. But they do not, and there is little evidence to show that this dynamic will change anytime soon.

Craig Holm, a health care consultant, has developed a concise, practical treatise that tells health care executives how they can create successful relationships with physicians in the future. Next Generation is based primarily on the author's own experience with hospitals and health care systems, although it includes contributions from other writers. The book is written primarily for system executives, but physician leaders might also want to look into it—if only to learn what the other side is thinking.

The book is divided into four sections:

- An introduction to the challenge of physician-hospital partnerships
- A look at some partnership models and the reasons why they have failed in the past
- Recommendations on how to create successful partnerships in the future (along with legal analyses of them)
- Case studies of several partnerships that seem to be succeeding now

In the first section, Holm sets the challenge bluntly: "During the last 30 years of the twentieth century and particularly during the final decade, physician-hospital relationships nationwide evolved into a curious mix of marginally successful and financially disastrous partnerships." Truth hurts. He follows that with a description of culture clash involving the idiosyncrasies of fiercely independent physicians, on one hand, and those of cynical, all-knowing hospital administrators, on the other. This part of Holm's book will get the attention of even those health care leaders who continue to be in denial about the problem.

His next section, on "Disintegrating" Models of Physician–Health System Relationship, is a wonderful compendium of health care's past sins. Mistrust, failure, imbalance, control, inability, favoritism, exclusion, "declines," "losses per physician"—all are mentioned. Holm discusses various relationship models—traditional physician-hospital organizations, traditional management service organizations, "groups without walls," foundations, independent practice associations, staff models, and physician practice management companies—in each case describing what went wrong with them and why. The author also offers interesting quotes from health care veterans, all of whom make the emphatic point that attempts to align the incentives and actions of physicians and hospitals have mostly gone awry.

The book's most useful section is called "Next-Generation Models of Physician–Health System Partnerships." In a tone that is (happily) more upbeat, Holm describes a variety of formal and informal models that should succeed, mostly because they generate mutual trust and create shared expectations. Of course, one could argue that those qualities might have produced similar results if they had been applied in the failed models the author discussed earlier. In any case, these new models have great merit.

Key concepts employed in the new models include "economic integration," "joint program partnerships," "information system linkages," "employment without acquisition" (and the opposite, "acquisition without employment"), "sale of outpatient services," and "creation of clinical leadership councils." Holm's
quick to point out that these models are not for everyone, and should be tailored for specific environments and local cultures. A helpful checklist of questions completes the discussion and will assist the adventurous executive in making one or more of these models a local reality.

This reader, having learned more than a few lessons from the “Next-Generation Models” section of the book, intends to keep Holm’s book handy for future reference. Reading Next Generation is a good investment. And the legal advice included in the “Next-Generation Models” section could make the return on investment even better.

The final section, a collection of essays on the topic, adds little of value, in the reviewer’s opinion. One, by a well-intentioned but highly partisan physician, on what doctors need from a physician-hospital partnership and what hospitals should provide, seems contrary to the balanced tone of the rest of the book. Another essay, on incentive compensation for physicians, is very well done. One wonders, however, how well the compensation essay fits with another that advises hospitals to end their investments in employed physician networks. There are some useful concepts and tools here; unfortunately, they tend to get lost in the larger context.

Partnerships between physicians and health care systems will no doubt thrive in the medical marketplace only if they are mutually beneficial. In addressing this reality, Next Generation Physician–Health System Partnerships does a nice job of setting the stage and making some suggestions for a more synergistic future. On the other hand, Holm’s book, although a fairly good road map, is not a “how-to” guide. Those who plan to follow his map should do so only after doing great deal of planning and with considerable trepidation.

That said, Holm’s book will help health care leaders learn from our mistakes. It therefore makes good reading.

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