



# TOOLS FOR PHYSICIAN-HOSPITAL PARTNERSHIPS

In late 1996, the board of directors of the Daughters of Charity National Health System (DCNHS) decided to make physician integration one of the system's key strategic initiatives. The board created a Physician Integration Task Force to determine how to carry out this initiative.

The task force concluded that:

- DCNHS should form an organization to help member hospitals align themselves with local physicians.

- To meet the highly diverse needs of member hospitals, this organization should offer a comprehensive menu of services.

- Before launching the organization, DCNHS should conduct a thorough, systemwide needs assessment and develop a business plan.

## NEEDS ASSESSMENT

The needs assessment revealed a good deal of variation among member hospitals, in four respects:

- The degree of managed care penetration in the hospitals' local markets

- The approach each was taking to physician integration

- The relative position of each in its market

- The amount of infrastructure each had in place to support partnering activities with physicians

The needs assessment also revealed member

*New  
Company's  
Services  
Help System  
Members  
and  
Physicians*

BY KEVIN P.  
CONLIN

## PPC'S MISSION STATEMENT

The mission of PPC is to support the local health ministries in their efforts to align with physicians so that together they may contract for and manage the care of defined populations.

To support the local health ministries in these efforts, the PPC will make available excellent services in a highly responsive manner, will identify best practices, and will transfer the knowledge of such best practices to the local health ministries and their partners.

The pursuit of this mission will assist the local health ministries and their aligned physicians to provide integrated systems of care that improve the health status of local communities and, in so doing, continue Christ's healing ministry.

hospitals' strong desire for DCNHS to use its leverage to:

- Organize high-quality but reasonably priced services that would enable member hospitals to compete more effectively with publicly traded physician practice management companies

- Identify and disseminate "best practices" and other comparative information relating to physician-hospital partnering and physician practice management

## PHYSICIAN PARTNERS COMPANY

In response to the needs assessment, DCNHS organized a physician partnering resource, called Physician Partners Company (PPC), and developed a business plan for it. PPC, which began operations in early 1997, provides member hospi-



*Mr. Conlin is president, Physician Partners Company, St. Louis, a subsidiary of the Daughters of Charity National Health System—St. Louis.*





tals with the necessary tools to launch a full range of physician-hospital partnering activities (see **Chart**).

PPC's strategic partners agree to:

- Provide services on a volume-discounted basis
- Share the results of work performed in one member hospital with all other DCNHS sites
- Allow PPC to select key executives from among the strategic partners to participate in PPC projects
- Allow PPC to establish prices for their services

### SERVICE OFFERINGS

PPC offers seven sets of services, each of which involves the transfer of capabilities and knowledge.

**Physician Integration Strategy Formulation** These services are designed to help hospital and physician leaders agree on the goals they want their partnership to achieve. In reaching agreement, leaders may find that they must redesign organizational structures and operational infrastructure to achieve success in a managed care environment.

**Managed Care Contracting** These services include conducting payer evaluations to determine relative priority and market power; developing com-

prehensive managed care strategies and marketing plans in order to maximize access and enrollment; and analyzing financial arrangements between physicians and payers.

Other services include evaluating models for risk sharing and capitation, assessing physician risk readiness, and conducting contract reviews and negotiations.

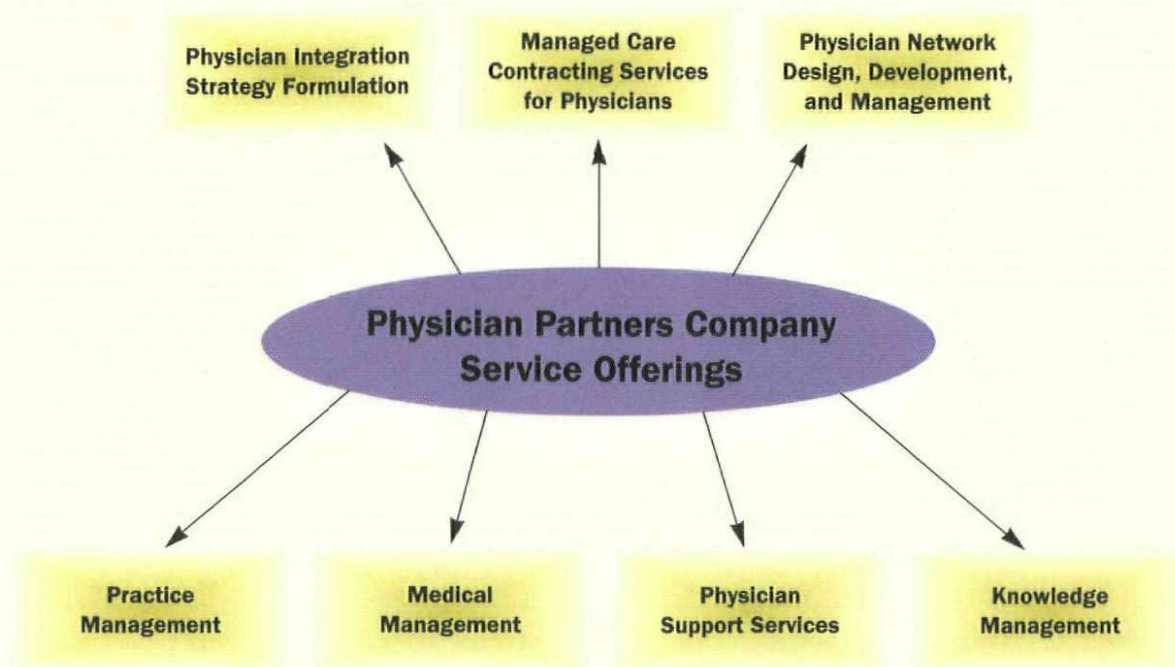
### Physician Network Design, Development, and Management

These services focus the physician-hospital network on market trends and payer needs. They help the partners ensure high-quality, cost-effective care; create physician agreements, credentialing standards, and program development; enhance and expand physician practices; and arrange physician compensation in a way that aligns incentives appropriately. PPC also provides management expertise for physician networks, management services organizations, and other contracting vehicles, on either a temporary or a permanent basis.

**Practice Management** These services help physician practices optimize operations, clinical management functions, and physician compensation design. Other available services are operational assessment and continuing operations support for billing and collections, financial reporting, infor-

*Continued on page 47*

Practice  
management  
services help  
physician  
practices  
optimize  
operations.





## PHYSICIAN LEADERSHIP


Continued from page 41

tems will have to develop new forms of ministry to meet new needs.

### CATHOLIC SYSTEMS' ADVANTAGE

But Catholic-sponsored systems have, along with special challenges, a major advantage: They are known to be values-based organizations that respect physicians' concerns. As one doctor has put it, "Sisters and physicians are natural partners because they believe in the same things—dignity, respect, and service." In a Catholic-sponsored organization, physicians feel more latitude to care for all patients regardless of their ability to pay. They know that the organization has the community's long-term interests at heart.

True partnerships between physician practices and healthcare organizations are the wave of the future. Built on relationships between physicians and institutional managers, these partnerships reflect an evolving care model that links business decisions to clinical outcomes. □

 For further information call Wendie L. Fox or Kathryn Gooding, 312-470-8600.

## PHYSICIAN FORUM PLANNED

The Catholic Health Association (CHA) recently brought together a group of physician leaders and asked them to recommend strategies for developing physician-system partnerships.

This fall CHA will convene a physician-directed educational forum based on those recommendations. It will provide opportunities for interaction among physician leaders. Sessions will also provide education on business and management in the context of the ministry, articulate the benefits of Catholic sponsorship, and disseminate management and ministry "best practices."

Additional information about the forum will appear in future issues of *Health Progress* and at [www.chausa.org](http://www.chausa.org).

## PARTNERSHIPS

Continued from page 43

mation systems, budgeting, and general management; valuation of practices and other physician enterprises; and specific guidance regarding the design of physician compensation programs.


**Medical Management** These services—designed to foster excellent clinical results in a cost-effective manner—include the refinement of precertification and referral management activities, utilization management, case management, disease management, and demand management initiatives.

**Physician Support** These are services that can be performed cost effectively in a central location without compromising the local nature of healthcare delivery. They include group purchasing and buying professional liability insurance, for example. Other shared services, such as physician leadership education, are being developed.

**Knowledge Management** These services—which also involve all the others described above—organize benchmark and other comparative information regarding network management, practice management, and medical management throughout DCNHS. The services include conducting ad hoc surveys, performing academic research, collecting comparative data, gathering industry news, and scheduling network forums.

### A SOLUTION TO TWO PROBLEMS

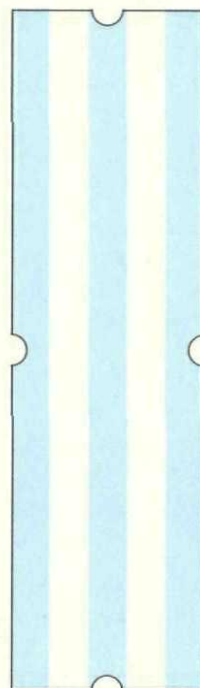
With the creation of PPC, DCNHS has simultaneously achieved two goals. The new company, first, gives member hospitals immediate access to a wide range of resources to assist their physician-partnering activities. Second, it gathers and processes information that can be used to enhance decision making throughout the system. □

 For further information call Kevin P. Conlin, 314-802-2080.

## SUBSCRIPTION CHANGES?

# Please Let Us Know!

Does your *Health Progress* mailing label need updating? Do we have your correct name, position, and address? To correct any problems with your subscription, please attach the mailing label from your last issue and write in the new information below.



NAME \_\_\_\_\_

POSITION \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_ ZIP \_\_\_\_\_

Mail to:  
Circulation Coordinator  
**Health Progress**

4455 Woodson Road  
St. Louis, MO 63134-3797

Or Call Us at  
**314-427-2500**