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BRIEFING

Breakthrough Physician Alignment: The *Only* Winning Strategy for Physicians and Health Systems

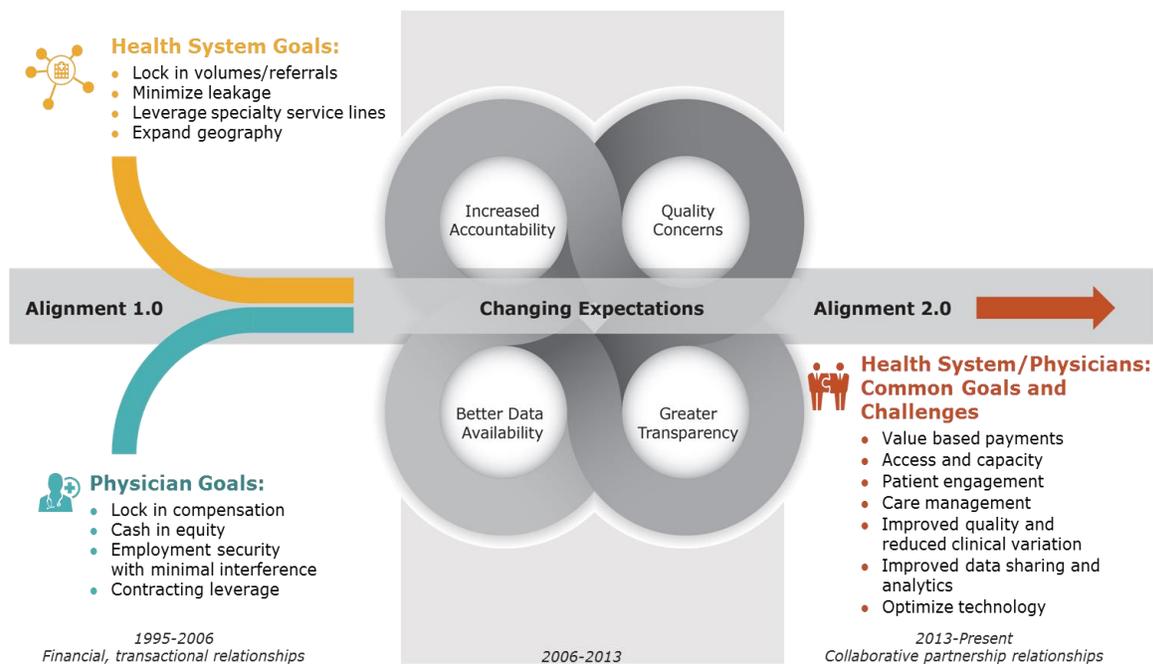
Physicians impact every aspect of health system performance. In the value-based environment, it is physicians who must drive the clinical transformation needed to achieve breakthrough quality, experience and financial performance. Success requires powerfully engaging physicians as fully committed “owner-operators” of the clinical enterprise, aligned with system strategy and operational goals. Tepid physician buy-in for changes designed and directed by administrators is no longer enough. If true value is to be created, costs reduced and outcomes improved, physicians must be at the core of innovating and transforming the way care is delivered. Health systems and medical groups are asking, “Are our physicians aligned and capable of owning and executing on all that we need them to? Are they committed to and accountable for the success of the clinical enterprise?” The answers to these questions will be key differentiators in the performance and success of leading health systems in an increasingly accountable healthcare environment.

Evolution of Physician Alignment

The nature of physician alignment and engagement with the health system has changed significantly over the last 25 years, as illustrated below:

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Through the 1990’s and early 2000’s, health systems focused on capturing referral volume, ensuring use of hospital-based services, and growing specialty service lines, while physicians sought to secure their incomes, cash-in equity and preserve practice autonomy. Employed physicians—particularly primary care physicians—were viewed by health systems as cost centers with, hopefully, tolerable losses in exchange for referrals and downstream revenue. The relationship between the health system and its physician practices was primarily financial and transactional.

By 2005, myriad external forces—better data, increased transparency, quality concerns, payment reform, rising consumerism and the “triple aim”—combined to usher in a new era of healthcare accountability with demands for better quality healthcare at lower cost.^{i,ii} As providers took on greater financial risk, they responded with a variety of cost reduction and care management programs, most of which failed to achieve needed performance jumps. The cost structures of most healthcare settings including hospitals, ambulatory care sites, physician practices and post-acute care settings, are heavily influenced by decisions made by physicians. As such, the ability to make substantive changes in the cost of providing care requires physician leadership and alignment around new clinical care models which foster different clinical decisions, enable more efficient patient care workflows, and improve reliability and safety. The limitations of previous approaches to physician engagement and care delivery redesign were becoming increasingly apparent, and leading health systems recognized the need for fundamental change in the practice of medicine, the role of physicians, and the relationship between physicians and health systems.

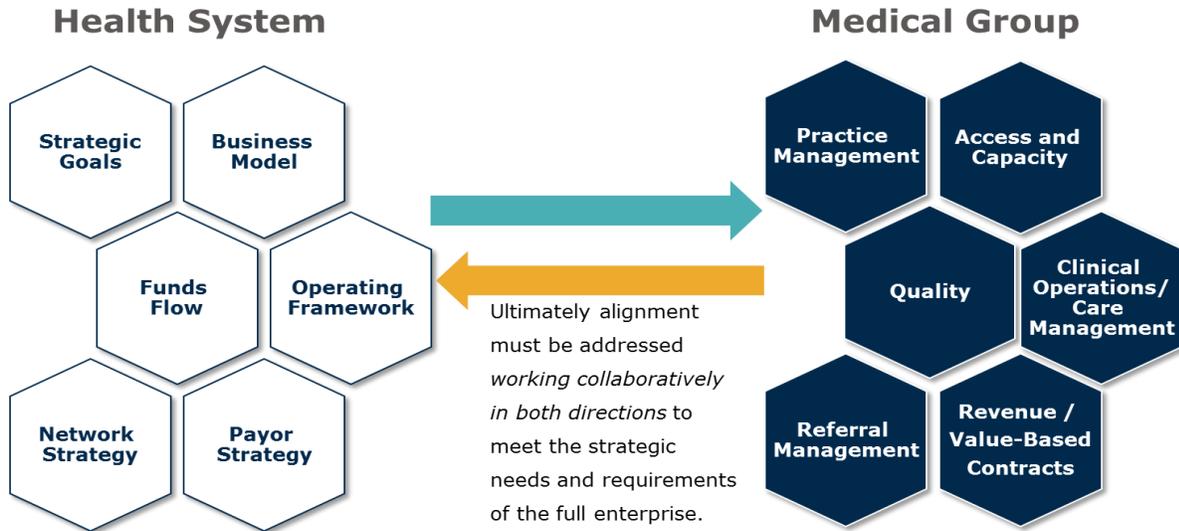
Today, relationships between health systems and physicians are not only about business economics and volumes, but more importantly, the ability to together address the needs of populations, take accountability for results, manage health risk, and partner with patients and communities on their health journey. The path forward requires a collaborative partnership between health systems and physicians to transform the clinical enterprise to address the complexities and demands of providing care in today's environment. Together, health systems and physicians must figure out how to meet financial expectations under multiple and evolving payment mechanisms; expand patient access, capacity and engagement; effectively manage care across the continuum; manage clinical variation using analytics and consensus-driven care standards; and leverage new and disruptive technologies.

Success in today's rapidly evolving environment requires true clinical transformation that fundamentally changes the way care is delivered and the relationship between physicians and health systems.

Getting to Breakthrough Physician Alignment

Success in today's rapidly evolving environment requires true clinical transformation that fundamentally changes the way care is delivered and the relationship between physicians and health systems. Physicians are gradually being positioned as fully committed "owner-operators" responsible for transforming clinical practice and care delivery to support the strategic needs of health systems and meet performance expectations. Together, health systems and physicians are evolving beyond past integration efforts which enabled operating efficiencies and service volume growth, to a deeper alignment that positions them as partners to powerfully lead their markets in creating value, engaging consumers, reducing the burden of chronic illness and succeeding under emerging payment models. Physicians and health systems are working to create shared goals and performance accountabilities that support value-based payment arrangements, create population health capabilities and insist upon a patient-centered focus.

Achieving true enterprise physician alignment, with its associated ownership and accountability for mission critical performance, demands a new level of intention, collaboration and shared planning capable of addressing the common and unique needs of both the health system and the physician group(s). A bi-lateral approach, as depicted in the visual below, is essential to meeting the strategic needs and requirements of the full enterprise:

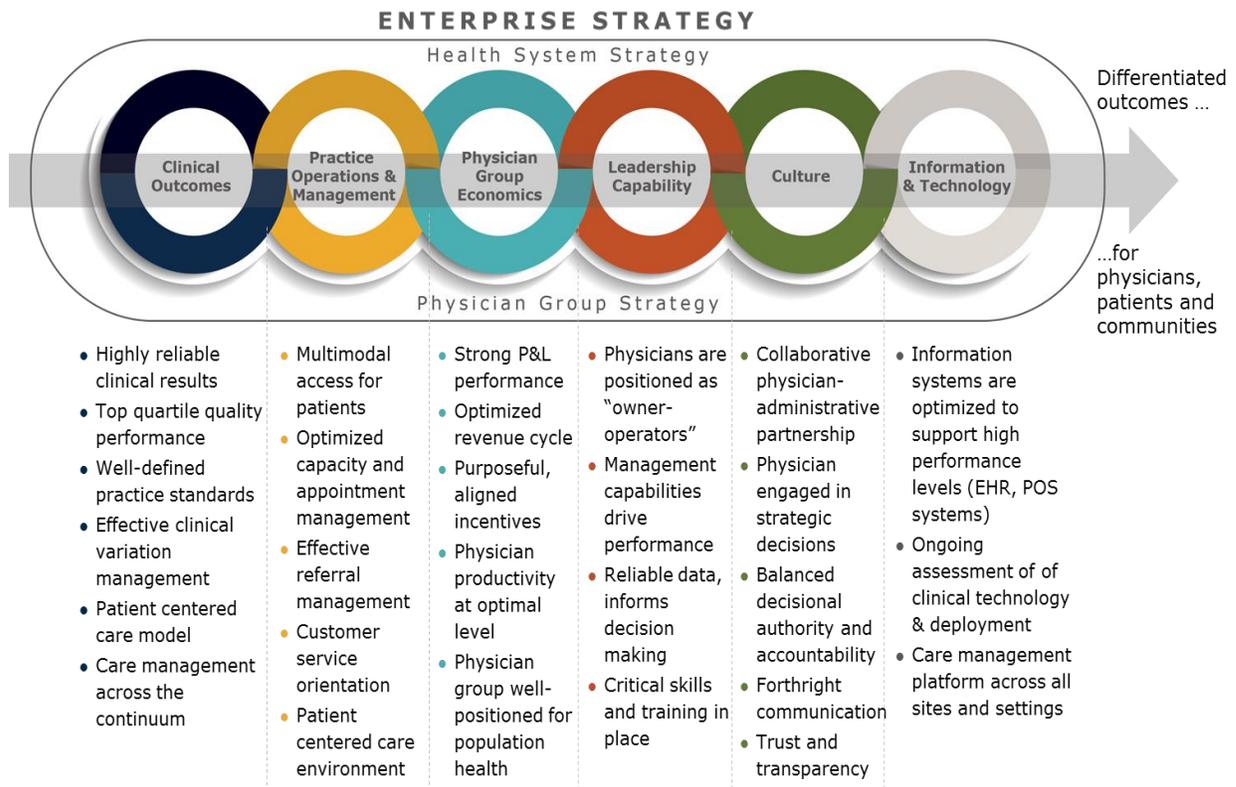


Enterprise physician alignment collectively supports a thriving health system and a high performing physician group or network, and positions them together for success. Key elements include:

- Physician enterprise alignment is understood to be the **primary driver of success in value-based payment arrangements**.
- Physician leaders are successfully positioned as **“owner operators”** of the clinical enterprise with **the leadership skills, management capabilities and decisional authority to drive performance**.
- Physicians participate broadly and effectively in developing **shared enterprise vision, goals and strategies** for all aspects of the healthcare system.
- **Physician group(s) is capable of owning, executing and demonstrating accountability** for critical aspects of clinical, operational and financial performance.
- Health system maintains a **market differentiating affinity with physicians** that creates a sense of belonging and partnership.
- Physicians lead the **clinical change management** required for highly reliable, consensus-driven excellence in clinical outcomes and patient safety.
- **Clinical and information technologies are deployed that support an innovative and transformative clinical environment, while assuring demonstrable returns on investment** based on improved outcomes, cost efficiency in providing care and total medical expense management.
- Both the health system and physicians are **supported by and effectively use strong data management, analytics, reporting, and measurement of quality, cost and service metrics**.

Assessing the Current State: A Framework for Health Systems

Leading provider organizations are assessing the current state of physician alignment across the enterprise in light of what they need to do to effectively respond to the performance imperatives of their market. A comprehensive assessment must be driven by a strong understanding of the functional requirements, critical capabilities and essential outcomes necessary to successfully fulfill the health system strategic plan. The framework below can help leadership think through the essential components of enterprise physician alignment and begin to identify gaps and areas of opportunity:



- Enterprise Strategy:** Are your physicians aligned and capable of owning and executing on broader enterprise strategic goals - particularly if considering a CIN, ACO, other value-based arrangement or population health initiative?
- Clinical Outcomes:** Is the physician enterprise producing the clinical outcomes necessary for *top quartile* performance in all patient segments and sufficiently managing variation to defined practice standards to create highly reliable clinical results?
- Practice Operations and Management:** Are operations optimally efficient and effective at all levels of aggregation and in all settings, from individual office-based practices to multi-specialty groups and integrated networks?

- **Physician Group Economics:** Is the organization achieving optimal financial results within the physician and broader clinical enterprise, while leveraging all potential revenue sources? How well are employed physician groups performing? Do they provide optimal access, capacity and clinical outcomes? How well are they managing revenue, staffing, operating expenses and productivity? Can the physician group currently serve as a robust foundation for population health and value-based care?
- **Leadership Capability:** Are physician leaders successfully positioned as “owner-operators” of the clinical enterprise with management capabilities that drive performance accountability? Does the organization have physician leaders in the right roles with the necessary skills and capabilities?
- **Culture:** How well has the organization defined what it means to be “physician led”? Do physicians have aligned expectations and incentives to support performance and accountability? Does the culture foster an environment of trust, transparency, inclusion, forthright communication, and balanced decisional authority and accountability?
- **Information and Technology:** Are all existing and necessary information management, analytic and technology platforms optimized to effectively support the physician enterprise to achieve high performance levels?

The Path Forward

Thoughtful assessment based on the framework above and development of a roadmap for creating robust enterprise physician alignment, optimizing medical group performance, supporting physician leadership development and building internal change management capabilities are indispensable as provider organizations move forward in an increasingly accountable environment. Nothing short of true clinical transformation can achieve the quality, experience and financial performance required in today’s value-based environment; it is physicians who must lead and execute on the fundamental changes in clinical practice, clinical variation management and care delivery that will ultimately transform the clinical enterprise to drive greater value and health for our communities. For all healthcare leaders and organizations, the critical questions stand: “Are your physicians sufficient owner-operators, aligned and capable of owning and executing on all that you need them to do? Are they committed to and accountable for the success of the clinical enterprise?”

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Sources:

ⁱ Institute of Medicine (IOM), Committee on Quality of Healthcare in America. *To Err is Human: Building a Safer Health System*. 1999, November. *Crossing the Quality Chasm: A New Health System for the 21st Century*. 2001, March.

ⁱⁱ Berwick DM, Nolan TW, Whittington J. *The Triple Aim: Care, Health, and Cost*. Health Affairs. 2008 May/June; 27(3):759-769.

