Physician - Hospital Integration: A Hot Issue for 2012 and Beyond

By Bruce Payton

Over the last several years, trends in healthcare reveal a marked increase in hospital and health system practice acquisitions, joint ventures, co-management and enterprise model physician arrangements, especially as it related to specialty physicians and their practices. This shift is no doubt causing a new dynamic to emerge related to hospital-physician relationships.

Alignment is no longer ‘one size fits all,’ and there are many win-win opportunities and options available for both the hospital and the specialty physicians. However, structuring an arrangement that will please both hospital leadership and physician counterparts can be challenging, to say the least.

Based on the complexity of today’s arrangements and the legal ramifications on both the hospital and specialty physicians, expert consulting and legal services for all facets of relationship-building activities has become a necessity. Further, with an aging population, changing reimbursement and practice bad debt on the increase, many specialty physicians, for the first time, are feeling some angst about their futures…

Corazon strongly believes that in today’s competitive environment, hospitals and health systems MUST have strategies in place to protect or gain market share in critical specialty areas – and physician integration is key. Indeed, alignment can provide a practical and cost effective path to clinical, operational, and financial success, while alleviating the challenges associated with having to recruit new specialists, many of which are in short supply.

In working across the country, Corazon can attest to the dramatic “upswing” in practice acquisitions and employment, or at the very least, increasing interest in what a partnership relationship can mean for a hospital and/or a practice. But, in addition to growth in traditional partnering arrangements such as direct employment there is growing interest in some physician-hospital business arrangements, such as the “virtual employment” physician enterprise model and service-line-driven co-management agreements.

Are you ready for the future of hospital / physician integration?

Structuring successful arrangements can be daunting, especially given the legal restrictions and governmental regulations surrounding today’s “deals,” and the industry focus on clinical and operational performance outcomes and transparency. Regardless of the alignment structure settled upon, the right hospital and physician governance structures to drive the partnership are a must.

Other decisions to be deliberated, for example, can be: member selection, “what’s in” vs. “what’s out”, integration within service lines and other physician practices, fair market valuation of the proposed venture, and so on. Only through understanding the options can you build the foundation required to be prepared for the future and the delivery of high-quality, efficient, and cost-effective care.

Corazon’s Physician Practice & Alignment Services (PP&A) can assist with all facets of hospital / physician alignment and integration. Our proven approach of I3 offers a step-by-step process for moving through all types of hospital / physician collaboration efforts, no matter the delivery model or its complexity. Corazon has been highly successful in assisting hospitals and physicians with finding a mutually-beneficial solution to working together.

Corazon believes that with the advent of pay for performance, accountable care in our midst, and new market forces dynamically changing hospital and specialty physician relationships, it is time for hospitals, health systems, and physicians to prioritize their partnering relationships. Doing so will help to maintain or grow service line presence and achieve the highest levels of market differentiation and improve the quality of care and delivery to patients. For all parties, partnering and alignment are becoming key, essential strategies to achieving success in the ever-changing healthcare future…and that's a trend that's likely to continue far into the years ahead.

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