

## HOSPITAL/PHYSICIAN INTEGRATION: CAN THEY GET IT RIGHT THIS TIME?

Healthcare is one of the trendiest industries in the nation. It is always in a state of flux. During the advent of the deep push into managed care in the 90s there was a feeding frenzy of hospitals trying to gobble up physician primary care practices to control the “gatekeepers” and provide hospital leverage with insurance companies. Hospitals paid huge sums to acquire physician practices before competitors beat them to it.

The public ultimately grew disenchanted with some aspects of managed care which became more about managing your member demographics than member health. Physicians lost their incentives to produce and hospitals poorly managed the physician cost structures and revenues. Collections plummeted, costs soared. Physician/hospital relationships soured. Many physicians ultimately retired or returned to private practice and hospitals began to unwind their physician practice acquisitions.

Now it is back. With federal Health Care Reform legislation, the PPACA, passed by Congress this year and the federal government push for improvements in care and reduction in costs, clinical integration is back on the table with the physician employment game of musical chairs fueled as much on the provider side by physician insecurity and uncertainty as any desire for a rich cash-in. The question is, have hospitals learned anything from their past experience that they can apply to change the outcome this time?

Hopefully they have ditched the “go it alone” and “my way or the highway” strategy of trying to hire physicians to pursue an acute care hospital paradigm of filling hospital beds and providing expensive, specialized services in favor of a broader integrated continuum of care that focuses on system wide accountability, efficiency and quality of care for the population served.

The core feature of successful clinical integration requires the reconciliation between hospital and physician goals and the strategic alignment of both interests. Health care integration has a larger chance of success when all of the players identify with the mission and values of the organization. The strategic planning process must be the product of meaningful input from all of the players and not a top down directive.

There must be effective information systems in place to provide clinical data to both administration and clinical providers in a useful format, to measure success in the pursuit of collective clinical guidelines. Organizational budgeting processes promote the efficient and effective coordination of care across organizational revenue lines.

Physician compensation will of course be a concern to individual providers and healthcare organizations will need to provide reachable incentives and reasonable access to intellectual challenge and growth to keep physicians and other providers interested in the game. A return to “co-management” agreements for the administration of some hospital clinical departments may soon be in the offing.