

The Medical Staff Development Plan: New Hospital Planning Tools for Today's Healthcare Environment

Since the early 1980's, hospitals have adopted medical staff development plans that outline the projected need for physicians in each specialty and the qualifications they must possess. Today, due to the growth in accountable care models and continued competitive, economic and legal pressures, most hospitals have some form of Medical Staff Development Plan.

TRADITIONAL REASONS FOR MEDICAL STAFF PLANNING

- Gain a competitive edge and increase market share.
- Access key payor contracts and develop insurance risk products.
- Better integrate physician and hospital services.
- Develop new clinical service and revenue opportunities.
- Discourage development of competing ancillary services
- Encourage (or discourage) new entrants to the market.
- Manage the number and types of physicians on the hospital's medical staff; succession planning.
- Determine what kinds of limited licensed practitioners and scope of practice will be permitted in the hospital.
- Protect the tax-exempt status.
- Maintain Medicare eligibility.

The evolving methodology for medical staff development planning builds on quantitative information, such as physician-to-population ratios, but also uses qualitative input, including competitor intelligence and strategic planning discussions. Changes in health care delivery and medical practice, such as the expanding role for hospitalists and the renewed interest in building an integrated physician workforce, should also be reflected in the medical staff planning process.

The Medical Staff Development Plan will be more successful if there has been good advance preparation to implement the plan. The following steps and areas of focus can put a hospital on the path to successful medical staff development.

Consider a variety of professional practice settings. At a minimum, a hospital should have both employment and private practice opportunities available. Physician employment must be supported by a well-developed infrastructure (such as practice management services and information technology) and should ideally provide the flexibility for part-time practice.

Review/update medical staff bylaws. Encourage the medical staff to review and, where necessary, update their structure and bylaws. Medical staff categories, and their corresponding privileges and obligations, should be designed to accommodate physicians who routinely practice at the hospital as well as those who make little use of hospital facilities.

Promote a high productivity environment. Patients, physicians and the hospital all benefit from efficiency. Patients are more likely to be satisfied with an efficient provider and, of course, higher throughput leads to higher profitability for the hospital.

Ease of Interaction. Providing assistance with the medical staff application and credentialing, and obtaining provider numbers from Medicare, Medicaid and other payers, will allow physicians to begin seeing patients and billing for services and make it easy for physicians to join the staff and begin to practice.

Realign physician specialty categories where necessary. Changes in medical practice should be reflected in the physician categories used in medical staff development planning. For instance, some hospitals may find it appropriate to assess the need for gerontologists and hospitalists (as subsets of internal medicine), while others may want to look at spine surgeons (as a subspecialty of orthopedic surgery or neurosurgery) or pain management physicians (a division broken out from anesthesiologists).

Address the intended role for non-physician clinicians. At some hospitals, non-physician clinicians such as nurse practitioners, midwives, podiatrists, chiropractors and psychologists are playing an increasing role in health care delivery. They may be serving as physician extenders, practicing independently, or offering nontraditional services.

Age-adjust productivity assumptions. When a hospital or physician group is replacing a retiring 65-year-old physician with a 30-year-old physician fresh out of residency, the transaction is unlikely to be a one-for-one proposition. New physicians, male and female, aren't devoting as much of their time to medical practice as their predecessors did.

A Few Do's and Don'ts

If completed correctly, communities, hospitals, and physicians will realize substantial benefits from medical staff development planning, such as improved access to

providers, premier market positioning, and thriving practices. Hospital executives should strive to avoid some common and potentially damaging mistakes made during medical staff development planning, such as those outlined below.

✓ **Appropriately account for changing patterns of care.** Failing to thoroughly analyze changing patterns of care can result in skewed physician need calculations. For example, surging demand for screening colonoscopies to detect colon cancer has

significantly increased the need for gastroenterologists; growth in the use of hospitalists has impacted the need for physicians in several other areas.

✓ **Don't assume that one set of physician-to-population ratios applies to all markets.** Differences in physician supply can reflect true variations in population-based need—typically resulting from underlying differences in the health status or the age mix of the resident population. But the concentration of medical and

surgical specialists in urban areas is largely attributable to other factors such as having a sufficient population base to support highly specialized disciplines, having access to cutting-edge technology and highly trained staff, and being able to practice with renowned faculty and leading specialists.

✓ **Account for regionally specific practice patterns.** The distribution of a physician's time can vary significantly depending on prevailing practice patterns and expectations in a given geographic region. For example, in some markets, family practitioners may devote a substantial portion of their practice to obstetrics (as in Fairbanks), while in other markets, they provide no obstetrical care at all.

MORE THAN JUST RATIOS
STANDARDIZED RATIOS IN AN ASSESSMENT OF PHYSICIAN NEEDS CAN BE VERY DECEIVING. FOR EXAMPLE, SOME NEUROSURGEONS MAY ONLY PERFORM SPINE SURGERIES. OR SOMETIMES PRIMARY CARE PHYSICIANS PERFORM COLONOSCOPIES, REDUCING THE NEED FOR GASTROENTEROLOGISTS. LIKEWISE, THE RATIOS MAY SHOW A SUFFICIENT SUPPLY OF OB-GYNs, BUT IT MAY TURN OUT THAT MANY DON'T PERFORM OBSTETRICS. BOTTOM LINE—EVERY MEDICAL MARKETPLACE NEEDS TO BE UNDERSTOOD FOR ITS UNIQUENESSES.

- ✓ **Account for time physicians spend in other-than patient care activities.** Physician need and supply should be determined by focusing on the time physicians spend on indirect and direct patient care activities. Time spent on teaching, research, and administrative activities should not be factored in.
- ✓ **Incorporate the impact of non-physician clinicians.** The availability of non-physician clinicians, such as certified nurse practitioners or nurse midwives, varies throughout the United States. Physician-to-population ratios should be adjusted downward in markets where the prevalence (or planned recruitment) of non-physician clinicians is well above the national norms.
- ✓ **Account for cross-specialty practice.** Ignoring the fact that many medical subspecialists devote a portion of their practice to primary care can harm the usefulness of a plan. Some medical specialists spend 20 percent or more of their time providing primary care services to patients under their care. These physicians should be considered as general internists (typically .2 FTE) and medical specialists (typically .8 FTE).
- ✓ **Account for the role hospitalists play.** Hospitalists are a rapidly growing specialty, typically functioning as internists, but in some cases working as subspecialists, especially in pulmonary medicine. Their contribution toward meeting community need should not be overlooked.
- ✓ **Provide guidance on how to use the medical staff development plan.** Linking investment in physician recruitment to additional referrals from physicians or looking at a hospital's strategic or economic requirements rather than community needs during the medical staff development planning process can lead to risky regulatory exposure and inappropriately biased numbers in medical staff development plans.
- ✓ **Incorporate physician input.** Physicians must be actively involved and engaged in the medical staff development planning process so they understand and take ownership of the outcomes. If plans are developed exclusively by senior executives and the board, physicians will feel that the plan is being

imposed on them and they may be less committed to assisting with successful implementation of the plan.

The Right Scope

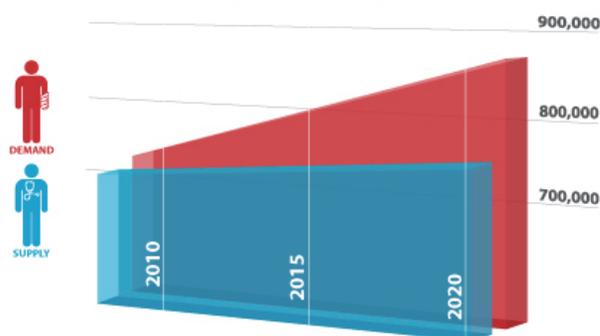
Choosing the right scope of study is essential for physician workforce planning. When the institution needs to drill down to the details of community and internal physician resources related to a specific specialty or program, a *Community Needs Study* is the answer. A Community Needs Study is done primarily for compliance purposes. If the hospital needs to look at its broad physician landscape, assessing strategic requirements for primary care and specialty physician resources, the right approach is a comprehensive *Medical Staff Development Plan*.

The organization's needs determine the right physician planning tool. The medical staff development plan addresses a comprehensive strategic perspective; while a physician community need study provides regulatory and tactical support for system or hospital-supported physician recruitment.

The Community Needs Study

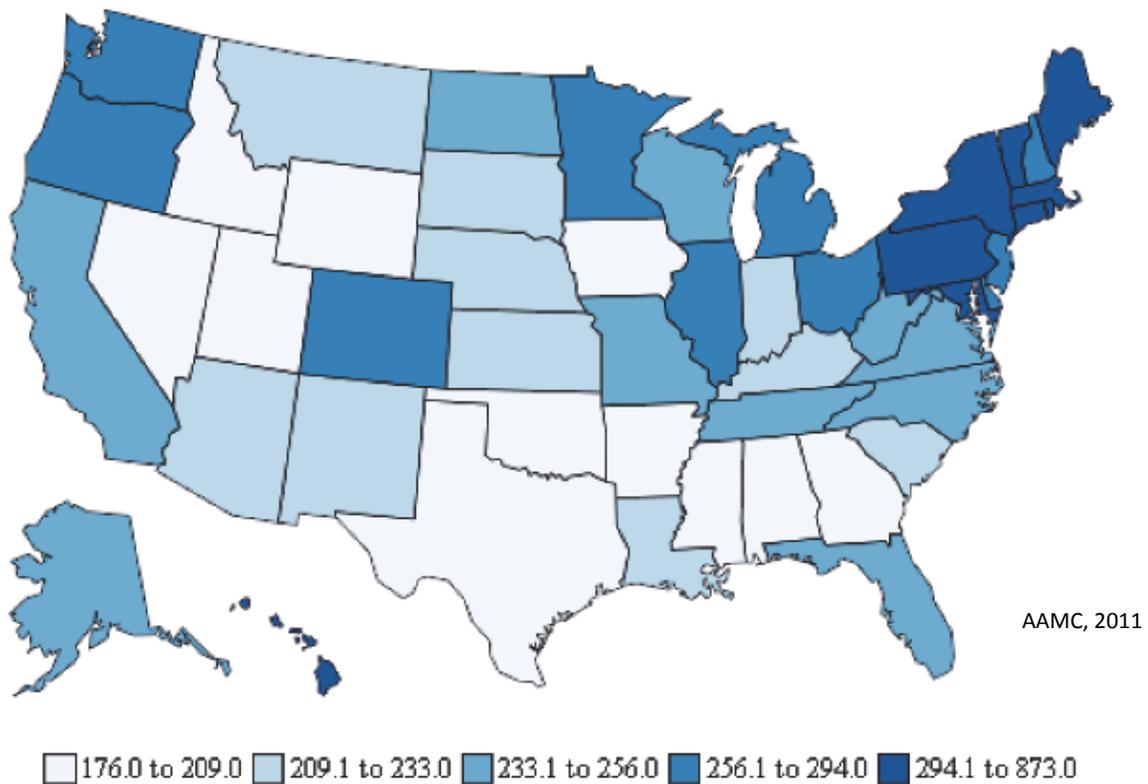
The Community Needs Study provides the documentation required for the hospital to offer financial assistance to newly recruited physicians. The study will also inform the details of a separate recruiting plan. It is the right approach when the hospital is already aware of some of the specialties in which it, and the service area, appears to be lacking sufficient physicians.

Projected Supply and Demand, Physicians, 2008-2020
(ALL SPECIALTIES)



AAMC, 2012

Map 1. Total Active Physicians per 100,000 Population, 2010



For example, a hospital may have an affiliated practice with aging physicians and want to bring in a young doctor. The Community Needs Study serves to confirm the number and locations of physicians.

The Community Needs Study is a detailed quantitative analysis of the physician workforce within the defined service area. While a medical staff plan looks at physician counts and offices, the Community Needs Study assesses the specific level of resources available to provide clinical care within the defined community. When such a study is performed, doctors' practices should be contacted to find out how many physician-hours are actually being spent in an office and whether the practice is open to new patients, as well as the presence and use of physician extenders, which can be important in some practices.

The Medical Staff Development Plan

This plan is based on both quantitative and qualitative analysis of the physician workforce in a given service area (either the area required for regulatory issues or a strategically focused area). A medical staff aging and

attrition analysis is prepared. An inventory of physicians practicing in the area is developed and local physician to population ratios are compared with various published standards. In areas with very large elderly populations, some age-adjustment may be appropriate. Stakeholders' views of physician workforce issues are determined through interviews and group meetings. These findings are looked at together with the quantitative analyses, industry and environmental trends, physician workforce trends, the hospital's strategy and service line plans, and operational and call coverage requirements to produce the conclusions and recommendations of the Medical Staff Development Plan.

Medical staff planning involves many sensitive issues, including the legitimate self-interest of both physicians and hospital management. Consequently, a hospital governing board should direct and ultimately control the planning process. An effective planning team is a board-appointed task force with representatives from the hospital's management staff, the medical staff, and the community.

The planning process should use both quantitative and qualitative data, including:

- A demographic analysis of the hospital's population, market share trends, and patient origin within the hospital's service area;
- A detailed listing and analysis of physicians serving the community (commercially available databases sometimes average <50% accuracy);
- A study of medical staff composition and utilization patterns;
- A consumer opinion survey evaluating how patients seek health care and patient satisfaction with a hospital;
- A physician opinion survey assessing physician satisfaction and needs as well as soliciting physicians' opinions on hospital operational issues; and
- Interviews with hospital management, governing board members, and community leaders.

From this information, hospital needs categorized by physician specialty can be formulated using national physician-to-population ratios, specialty board recommendations, supply-and-demand analyses, and other sources.

The Medical Staff Development Plan is also the basic document for achieving board and stakeholder buy-in on the need to recruit new physicians or develop specific services.

The Strategic Business Plan—Integrated Physician Workforce

Once the Community Needs Study and the Medical Staff Development Plan are completed, it then becomes essential to synchronize medical staff growth with the organization's goals. *As a part of this plan it is important to listen to and work with employed and economically*

aligned physicians to understand the multiple challenges they face in today's world of medicine. A strategic business plan can be designed to address those needs, while serving the hospital's and the community's best interests. The strategic planning goes beyond driving recruiting strategies and justifying budgets. The plan should address what the hospital and its integrated physicians want and need over the long term by:

- Evaluating the market's current and projected population
- Analyzing the organization's competitive position
- Studying physician and patient outmigration patterns

GO STRAIGHT TO THE SOURCE

ONE OF THE BEST WAYS TO GAIN A DEEPER UNDERSTANDING OF PHYSICIAN NEEDS IS TO CONTACT DOCTORS IN THE COMMUNITY THROUGH A COMBINATION OF STRUCTURED SURVEYS AND INDIVIDUAL INTERVIEWS. PHYSICIANS KNOW WHO IS ACCESSIBLE AND WHO IS NOT. FOR EXAMPLE, A PRIMARY CARE PHYSICIAN WILL KNOW WHETHER A PATIENT IS HAVING TROUBLE GETTING AN APPOINTMENT WITH A SPECIALIST. BUT BEWARE THAT SOMETIMES THERE IS A PERSONAL STAKE—SOME DOCTORS MIGHT THROW RESEARCHERS OFF BY INSISTING NO ADDITIONAL SPECIALISTS ARE NEEDED IN THEIR FIELD.

- Reviewing current physician manpower compared with accepted ratios

- Interviewing key members of the integrated physician staff and management team

The analysis should enable the organization to:

- Know how many and what type of physicians and specialists the organization's integrated workforce needs now, and project demand over the next five years

- Budget to meet recruiting needs
- Develop retention strategies to strengthen hospital/physician relations amongst integrated providers

Other key needs arising from medical staff development planning that require the benefit of a Strategic Business Plan include the following:

- Developing hospital-physician integration strategies;
- Defining the optimal corporate structure for integrated entities;

- Evaluating and committing the resources necessary to recruit and hire specialty physicians;
- Developing the pro forma analysis necessary to plan for physician practice acquisitions;
- Developing outreach services in promising markets (e.g., satellite clinics, etc.)

Overall Anticipated Benefits

There are numerous benefits that flow from a well-conducted community needs, medical staff development, and strategic planning process. Among them:

1. **Physician Recruitment Competitive Advantage.** Industry forecasters have moved beyond speculation about whether a physician shortage will occur and are now reflecting on when it will happen and how pervasive it will be. A medical staff development plan can help mitigate some of the effects of the physician shortage by focusing and prioritizing recruitment efforts in an increasingly competitive environment.
2. **Better Meet Community Needs.** A comprehensive Medical Staff Development Plan will establish a framework for meeting a community’s healthcare needs. It will help hospital staff determine the types of physicians the community requires, the types of physicians a hospital can support, and the right mix of physicians to enable a hospital to realize its full potential.
3. **Legal and Compliance Support.** The Community Needs Study and Medical staff Development Plan will also provide legal support and documentation for hospital activities that might come under the scrutiny of the Office of the Inspector General or the Internal Revenue Service, such as physician recruitment or practice acquisition. Evidence that hospital staff have considered community needs in their planning may deflect governmental criticism or penalties.
4. **Realistic Road Map.** Ultimately, the Medical Staff Development plan defines a realistic approach to physician recruitment and retention that is achievable in terms of marketplace realities and sensitive to the needs and concerns of hospital staff, medical staff, and the community.
5. **Integral to Strategic Business planning.** The strategic planning should go beyond driving recruiting strategies and justifying budgets. It is essential to find out what the hospital and the integrated physicians want and need over the long term. Strategies to meet identified manpower needs include recruiting new physicians to the community, acquiring practices of existing physicians, helping older physicians transfer their practices to new associates, and planning physician-hospital integration efforts.

RAPID REPOSE:

If your organization is not benefitting from the improved medical staff planning we can help. With a basic set of data and two days of meetings with key individuals on site our team can accurately assess your situation, report back, and outline a sound process for creating a long-range medical staff development plan. And we’ll be your partners in making it happen. Call 1.888.459.2692 for more information.

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