

Positioning Physicians to Drive Performance and Health System Success

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Physicians impact every aspect of health system performance. In today's increasingly accountable healthcare environment, it is physicians who must drive the changes in care delivery and clinical operations needed to achieve breakthrough quality, access, experience, and financial performance. Success requires powerfully engaging physicians as fully committed owner-operators, aligned with system strategy and operational goals. As such, leading health systems are recognizing that the physician enterprise is a critical strategic business unit, contributing significantly to overall health system success. Board members have an important role to play in ensuring that their physicians—whether employed or independent—are effectively positioned to drive performance and are committed to and accountable for overall health system success.

Health Systems and Physicians: An Evolving Relationship

The nature of physician engagement with the health system has changed significantly over the last 25 years. Today, relationships between health systems and physicians are not only about business economics and volumes, but also the ability

to work together to 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 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, including consideration of innovative solutions; effectively manage care across the continuum; manage clinical variation for optimal

outcomes; and leverage new and disruptive technologies.

Achieving these strategic goals requires the physician enterprise to be managed and operated as a highly functional strategic business unit with clearly defined performance expectations. Physician leadership must report directly to health system executives and be accountable for meeting operating standards and financial targets in addition to clinical quality and performance metrics. This is a huge shift for many organizations—one that requires higher levels of alignment and collaboration between physicians

Key Board Takeaways

The board should ensure that management can thoughtfully and thoroughly address the following questions:

- Do we have sufficiently capable and robust physician leadership to drive strategic goals and achieve results?
- How is our employed physician group positioned as a strategic business unit, critical to overall health system success?
- Are all our physician constituents helping to inform and respond to broader health system performance requirements, expectations, and goals?
- How is our physician enterprise currently performing across clinical, financial, operational, and service dimensions?
- What measurable outcomes should we be looking at to regularly assess our physician enterprise alignment, engagement, and performance?
- Do our administrative and physician leaders have a clear understanding of their respective roles and accountabilities, and how they can support and collaborate with each other?

and their administrative partners, redefined governance structures and leadership roles with clearly defined and understood performance goals, and physicians who are skilled at leading and actively engaged as accountable owner-operators.

Positioning for Success: Key Characteristics of an Effective Physician Enterprise

High-performing physician enterprises are well aligned strategically and operationally with their health systems, collectively supporting and positioning them for success. Key characteristics include:

- 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 health system.
- The **physician enterprise is approached as a critical strategic business unit**, aligned with broader health system strategic and operational goals.
- The 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.
- A **robust performance measurement system is in place** with clearly defined targets, and **key outcomes and metrics are regularly reviewed** by administrative and physician leadership.
- **Clinical and information technologies are optimized** to support an innovative clinical environment, while ensuring demonstrable returns on investment.

Exhibit: Enterprise Strategy



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The framework below can help board members and management teams assess how effectively their administrative and physician leadership are working together toward a high-performance future:

- **Enterprise strategy:** Are your physicians aligned and capable of owning and executing on broader enterprise strategic goals—particularly those addressing value creation, access and capacity, care delivery transformation, financial performance, and technology deployment?
- **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:** How well does the board understand the impact of the physician enterprise financials on the overall health system? Is there an increasing or unacceptable drag? Are approaches to provider compensation aligned with key strategies and goals?
- **Leadership capability:** Are physician leaders successfully positioned as owner-operators of the clinical enterprise with management capabilities that drive performance accountability? Is there a willingness to lead and make the difficult, but necessary, decisions around performance expectations, standardization, etc.?
- **Culture:** Do physicians have aligned expectations and incentives to support performance and accountability—to themselves, their patients, the broader physician enterprise, the health

system, and the community? Are physician leaders active participants in broader health system committees and decision making?

- **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?

Board members should request from management a thorough assessment of the current state of physician enterprise alignment and engagement, as well as a roadmap to strengthen physician–health system alignment, optimize physician enterprise performance, bolster physician leadership development, and build internal change management capabilities—all indispensable as provider organizations move toward an increasingly accountable future. Nothing short of true clinical transformation can achieve the quality, experience, and financial performance required in today's value-based environment, and it is physicians who must lead and execute on the fundamental changes in clinical practice and care delivery that will ultimately drive greater value and health for our communities.

The Governance Institute thanks Mark J. Werner, M.D., Director with The Chartis Group and Leader of Clinical Consulting for the firm, and Cynthia Bailey, Performance Practice Manager with The Chartis Group, for contributing this article. They can be reached at mwerner@chartis.com and cbailey@chartis.com.

