

Physician Leadership Models for Rural Hospital Success

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The pandemic has created financial and operational strains on hospitals and healthcare systems. Rural hospitals have the additional organizational pressures from not having as deep a bench of administrative and physician leaders compared to their larger hospital counterparts. Rural hospitals must have an effective management and organizational model with physician involvement to effectively compete and survive. Rural hospitals must leverage the clinical knowledge of their physicians and partner with them to manage and lead their organizations in this new environment. This partnering cannot be in title only and must engage and rely on physician engagement for these hospitals to endure in the next decade.

The traditional role of the VPMA/CMO focuses on patient safety, physician liaison, credentialing, clinical and patient oversight, quality assurance, and risk management. However, this role is more diverse, with increased responsibilities in rural hospitals, including EHR planner and facilitator, medical group leadership of employed and contracted physicians, provider recruitment and retention, mentoring, and strategy; while participating as a key member of the medical executive committee. The rural CMO must be a leader in both clinical and administrative roles, and

Key Board Takeaways

Below are some basic questions to ask about your physician leadership strategy:

- Is the physician leader charged with hospital responsibilities, and does he/she understand the inpatient and outpatient businesses of the hospital?
- Does the physician leader help to ensure effective communication and mutual respect?
- Does your physician leader take an active role in the strategic direction of your physician platform? Physician leaders should be involved in strategic development, which includes recruitment and retention of providers as well as plans to enter new markets.
- Do you rely on your physician leader to communicate with your employed and contracted physicians in the network? We have found that physicians respond more positively to their medical colleagues.
- Do you rely on your physician leader to work with other administrators to develop goals, objectives, and strategies for your physician network?
- Do you believe that your physician leader has the business acumen and related leadership skills to execute your integration strategies into the future?
- Do you believe that you have a pipeline of other physicians who are developing critical business skills to take an active role in leadership and advisory positions in your hospital?

will be sought after for both areas of expertise.

Unfortunately, rural hospitals often lack the financial resources to dedicate to having a full-time administrative CMO who does not also have a clinical role. Many of today's successful models in rural hospitals have a mix of 60 percent clinical and 40 percent administrative in this role. When administrative responsibilities for the CMO increase, hospitals may have to increase the percentage of administrative FTE and decrease

the clinical FTE. This means rural hospitals will have to subsidize the CMO's compensation due to a decrease in billable clinical activities.

Physicians Must Serve on Key Committees That Drive Success

It's important to integrate your physician leaders into the most important committees in your organization. While having your CMO attend meetings is necessary, it is not sufficient. You must bring in other physicians to provide them

with key insights into the parts of the hospital that they don't see every day as well as providing them with a foundation for understanding the "business" of medicine. This also provides your hospital with opportunities to groom future physician leaders.

Rural hospitals have various committees that they use to help manage the organization. The first step is to determine the key committees in your organization. The following represent a snapshot of some of the committees found in rural hospitals around the country.

Board of Directors

First and foremost, the organization must have stellar leaders who strive to fulfill their fiduciary responsibilities. Having the CMO attend board meetings gives them the unique opportunity to interact with business leaders from the community. While interacting with various community business leaders, the CMO will have the opportunity to look at the hospital in a different light and expand their knowledge base.

Medical Executive Committee

The Medical Executive Committee (MEC) acts as a representative body of the medical staff. The MEC proposes change and enacts policies, procedures, and other items to improve patient care and medical staff structure. The CMO in rural hospitals has the advantage of getting to know all the medical staff, engaging them in meaningful ways, and involving them in hospital

improvement projects, committees, and quality initiatives. This presents an advantage for these physician leaders since they can better mentor, facilitate communication, and work on change efforts.

Inpatient–Outpatient Operations Committee

Your hospital may have an inpatient operations committee or one that is dedicated to your employed or contracted physicians. An integrated inpatient–outpatient operations committee is increasingly important for rural hospitals since outpatient revenue often represents over 50 percent of hospital revenue. This integrated operations committee is used to solicit input and engage physicians within and outside the hospital. This committee serves several different functions, and no two operating committees are identical but some of the key responsibilities include:

- Monitoring the operations of all the member medical groups and the system of groups as a whole
- Recommending policies and procedures for the medical practices to the executive committee, with the goal of achieving a high degree of standardization
- Monitoring productivity and recommending course correcting strategies
- Manage cost and overhead management
- Working with physicians who might be outliers in productivity or performance to improve outcomes
- Developing clinic budgets across all the practices

- Developing and recommending strategic initiatives to the board
- Evaluating and proposing new ventures

This committee is best represented by having the CMO and other key physicians from various medical practices be sitting members of the committee. The goal is to bring physicians to the table to understand the business, strategic, and financial aspects of inpatient and outpatient medicine.

Act Now

This is a critical time for physicians to take leadership roles in rural hospitals. As more physicians become employed by hospitals and health systems across the nation, there is a corresponding demand for qualified physician leaders to ensure the long-term success of those organizations.

Conclusion

The key to rural hospitals success rests on empowering the CMO and creating effective and empowered committee structures that represent, solicit, empower, and work with physicians to create an efficient and effective healthcare system.

Most hospital administrators agree that physicians need more leadership and general business management training yet some question how they can introduce that training in meaningful ways. Once physicians are identified, committed, and engaged, administrators must allow these physicians to have more than a symbolic role in the hospital.

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