

Is Your Hospital Losing the Trust of Its Physicians?

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A strong working relationship between a hospital's medical staff and institutional leaders is critical currency in today's fraught healthcare landscape. If a hospital cannot recruit and retain the physicians necessary to safely staff its various service lines, it does not matter how efficiently it carries out its daily operations or manages its finances. While there has been great attention given to the challenge of maintaining a nursing workforce following the COVID pandemic, a slower moving but even greater challenge is the expanding shortage of physicians.

While most physicians should see a not-for-profit hospital as a superior employer to private equity groups and insurers, the rapid growth of physician employment by the latter suggests that too many hospitals do not have the confidence of doctors.

The depletion of the physician workforce is driven by multiple factors. Huge numbers of baby boomer physicians are entering their retirement years. Various professional organizations have indicated that as many as a third of practicing physicians may retire by the

end of the decade. The pipeline of replacements coming from the nation's residency training programs will not keep up with this attrition. Many physicians are re-evaluating their priorities post-pandemic and are choosing to work part time.

Competition for the remaining pool of physicians has grown fierce. Large numbers of doctors are being recruited into practices owned by insurers and a variety of public and private corporations, many funded by private equity.¹ The Optum division of United Healthcare is presently the country's largest employer of physicians.

Physician Trust in Leadership Is Eroding

To attract and retain physicians, hospitals must provide them with a stimulating and rewarding professional home. There are many tactics for achieving this end, but an essential foundation for creating such an environment is physician trust in hospital leadership. The existence of trust between doctors and hospital administrators allows these parties to work together constructively and creatively to overcome the daunting challenges that appear so formidable in healthcare today. Trust builds confidence and buy-in that creates support for hospital strategic plans and initiatives. It is also

Key Board Takeaways

- Trust between physicians and hospital leaders has eroded to an alarming degree at many hospitals.
- This lack of trust is manifesting itself in numerous ways, including difficulty in recruitment and retention of physicians and in accelerating movement of physicians into employment by insurers and private equity-sponsored groups.
- The board should be proactive in assessing the confidence medical staff members have in hospital leadership.
- Direct communication with rank-and-file medical staff members is a best practice for gauging physician trust in organizational leadership.
- No single tactic will restore trust once it is lost or significantly eroded. Consider putting together a task force of physicians and board members to explore ways to restore or strengthen the working relationship between the hospital and its professional community.

a form of social capital that promotes collaboration between hospitals and their clinical practitioners even through setbacks and difficult days.

Board members should be alarmed by indicators that physician trust in hospital leadership is waning in many quarters. Headlines in publications like *Modern Healthcare* periodically note where medical staffs have taken votes of "no-confidence" in hospital CEOs or executive teams. While most physicians should see a not-for-profit hospital as a superior employer to private equity groups and insurers, the rapid growth of physician employment by the latter suggests that too many hospitals do not have the confidence of doctors.

The growth of multi-hospital systems has made many C-suite executives less familiar and accessible to physicians. Corporate offices have become distant from the patient care corridors where doctors work and their inhabitants may seem removed from the day-to-day concerns on the minds of practitioners.

An alarming national physician survey recently performed by Jarrard, Inc. highlights the erosion of confidence in hospital leaders.² When physicians were asked how much they trust that "the



¹ Data from the American Antitrust Institute shows that from 2012 to 2021, the annual number of practice acquisitions by private equity groups increased six-fold, especially in high-margin specialties. During this time period, the number of metropolitan areas in which a single private equity-backed practice held over 30 percent of market share rose to cover over one-quarter of the country.

² Jarrard, *Beyond Burnout: Trust, Loyalty, and the Physician Gender Gap*, National Physician Survey, May 2023.

leaders of my organization are honest and transparent," a quarter of respondents chose the option of "very little or no trust." Another quarter indicated only marginal trust. The survey revealed that barely half of physicians trust the patient-related decisions of their leaders and similar results were found when doctors were asked whether their leaders made good business-related decisions in finance and operations. That this distrust was greater among female physicians than their male compatriots should be especially concerning since more women than men now fill our medical school classrooms.

Hospital board members should take note of one particularly jarring finding in this survey. While the trust gap is pervasive, physicians at not-for-profit providers were found to be more skeptical of leadership than those at investor-owned organizations. While there might be several explanations for this finding, physicians may appreciate the clear messaging from leaders of investor-owned organizations whose focus is unequivocally on the financial return to shareholders. Hospital leaders at not-for-profit institutions may seem ingenuous or unfocused when they advocate for greater quality, reliability, patient safety, patient-centered care, attention to social determinants of health, productivity,

efficiency, and more all at the same time. When this rhetoric seems at odds with the relentless pressure physicians feel for increased productivity and revenue generation, distrust can quickly escalate.

Proactively Assess and Build Trust

How can board members know if their medical staff is becoming alienated from the hospital management team? A board should not be blindsided by physician votes of no-confidence, although they are often surprised when it happens. Similarly, board members trying to understand why recruitment and retention are suddenly more difficult should not learn at the eleventh hour that doctors do not trust the institution's management team.

The board should be proactive in periodically assessing the level of physician confidence in the organization and its leaders. Of course, the most straightforward way is to ask physicians directly. While surveys of medical staff members can be helpful, already skeptical doctors may simply see this as busy work undertaken so management can look like it cares about physician input. Board members should formally speak to medical staff officers and department chairs to gauge the sentiment of staff doctors. But even more valuable

is informal dialogue with unofficial physician leaders and rank-and-file staff members. Soliciting feedback in this way is likely to be perceived as more genuine and it has the advantage of building social capital and informal lines of communication between the board and the physician community.

Building trust where it has eroded is a topic for a future column. However, increased communication and transparency is always an essential part of the solution. Another tactic is engaging more physicians in meaningful leadership opportunities since doctors trust their peers to a much greater extent than management or the board.

The success of a hospital in meeting its mission usually hinges on a strong organizational culture underpinned by trust in its leaders. Earning the trust of physicians should be an ongoing board priority lest its hospital one day finds it has no one to see its patients.

The Governance Institute thanks Todd Sagin, M.D., J.D., President and National Medical Director of Sagin Healthcare Consulting and Governance Institute Advisor, for contributing this article. He can be reached at tsagin@saginhealthcare.com.

