

# The end of the Welfare state: Which impact on the relationships between physicians and hospital administrations?

Dr. Francisco Javier Parra Jiménez M.D.

Chief of Cardiology Department  
HM Universitario Sanchinarro - HM Universitario Madrid  
Madrid - Spain



# Francisco Javier Parra Jiménez, M.D.

- Chief of Cardiology Department
- HM Universitario Sanchinarro Hospital – Madrid – Spain
- HM Universitario Madrid Hospital – Madrid - Spain
- Cardiology Professor – CEU San Pablo University



# The End of the Farewell State? BACKGROUND

---

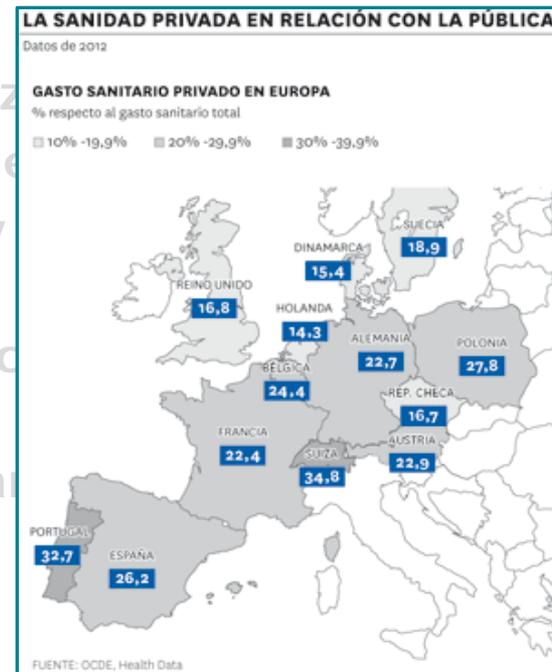
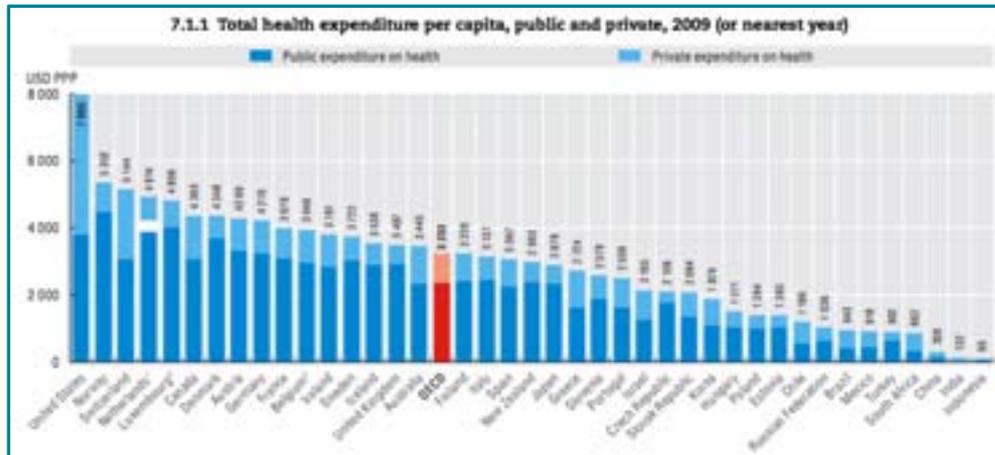
- We are living the End of the farewell State in several countries
- **The Public Health System is in crisis**
  - 2014 General State Budget have led to an overall increase of more than 65 billion euros, 5.6% more than the previous course. However, the *Health Budget* has been the most disadvantaged, with a *reduction of 35.6%* over the previous year.
- **The solutions have not only to be searched in the public system**
- **The coloboration between Private and Public system will be the clue in the future.**
  - 42% private hospitals have some kind of collaboration with public system ( IDIS 2014- Instituto para el Desarrollo e integración de la Sanidad )
- **The marriage between phisicians and “our “ Hospital is an important part of de solution to this problem.**

# Contribution to private health sector in Spain (IDIS 2013)

## 1. Represents a high weight in the Spanish productive sector

- Expenditure in private health suppose 2,54% of GDP in 2010 in Spain.
- Spain is situated among the first European countries from the point of view of private health expenditure in relation to the total health expenditure. It represented 26.2% of total health expenditure in 2012.

## 2. Liberate public health resources



# Contribution to private health sector in Spain (IDIS 2013)

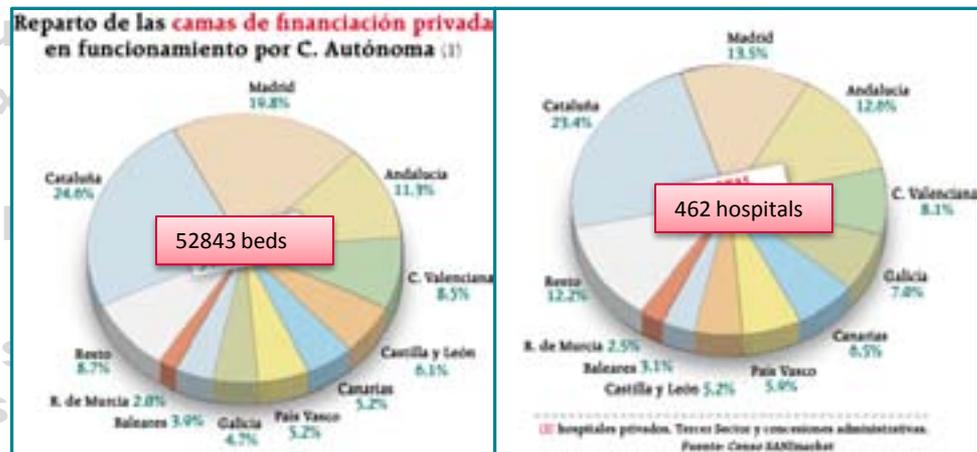
1. Represents a high weight in the Spanish productive sector.
2. Liberate public health resources
  - The private health sector has 6.9 million policyholders
  - The insurance industry continues to grow despite the economic crisis, registering an average annual growth in volume premium of 6.2% in the period 2006-2011
  - The private health sector is an strategic ally for the public health system, contributing to the sustainability of the system and its objectives such as equity, sustainability, accessibility and quality of health attention. Also, the private health sector is a key player in our country in terms of generation of welfare, wealth and contribution to economic and social.

3. Improv
4. Collab
5. Devel
6. Pursu
7. Creat



# Contribution to private health sector in Spain (IDIS 2013)

1. Represents a high weight in the Spanish productive sector
2. Liberate public health resources
3. Improves the accessibility of citizens to health care
  - The private health sector (2012): 462 hospitals (53% of all), and 52,843 beds (32% of all)
  - In addition to hospitals, the private health sector has approximately 2,900 outpatient medical centers.
4. Collaborates with the public sector
5. Develops highly complex technological advances
6. Pursues continuous quality improvement service
7. Creates jobs in Spanish health sector and training of health professionals



# Contribution to private health sector in Spain (IDIS 2013)

1. Represents a high weight in the Spanish productive sector
2. Liberate public health resources
3. Improves the accessibility of citizens to health care
4. **Collaborates with the public system**
  - 42% private hospitals have some kind of collaboration with public system
  - Of the total budget allocated to health by the Ministry of Health, it is estimated that approximately 10.7% goes to heading concert with private healthcare.
5. Develops highly complex activity through technological advances
6. Pursues continuous quality improvement of service
7. Creates jobs in Spanish society and training of health professionals



# Contribution to private health sector in Spain (IDIS 2013)



1. Represents a significant investment in the Spanish productive sector
2. Liberates resources
3. Improves the quality of citizens to health care
4. Collaborates with the public system
5. **Develops highly complex activity through the most recent technological advances**
  - The private hospital sector has 58% of the MR, 56% of PET and 37% of the TAC located in our country, which means a medical equipment and advanced technology a high complexity that allows you to conduct a medical excellence.
6. **Pursues continuous quality improvement in healthcare service**
  - the private health sector must be accredited and certificated to guarantee the quality
7. Creates jobs in Spanish society and contributes to the training of health professionals



# Contribution to private health sector in Spain (IDIS 2013)

1. Represents a high
2. Liberate public he
3. Improves the acc
4. Collaborates with
5. Develops highly c  
technological adv
6. Pursues continuo  
service



ve sector  
ire  
st recent  
hcare

## 7. Creates jobs in Spanish society and contributes to the training of health professionals

- The private health sector employs approximately 234,000 professionals, of which approximately 23% are doctors.
- 38% work in the hospital setting, 62% in the outpatient scope

# THE NECESSARY RELATIONSHIP BETWEEN PHYSICIANS AND HOSPITALS

- “**Hospitals can’t** write an order, perform a procedure, meet organizational goals and investor expectations, or achieve their mission of community health **without physicians**.”
- On the other side, **physicians need hospitals** for access to capital and technology, for an operational “theater” in which to practice their craft, for efficiency and effectiveness of care, and for the education and training of future physicians and other health care professionals”.



## THE NECESSARY RELATIONSHIP BETWEEN TWO OPPOSING TEAMS: PHYSICIANS AND HOSPITALS (MANAGERS)

---

- 2 OPPOSING TEAMS: physicians (**white coats**) and healthcare executives (**blue suits**).
- Most physicians and nurses simply want to do their work free of hassle, providing high-quality, patient-sensitive care. They see themselves as doing what society wants, and therefore expect society to make it easy, rather than difficult to impossible.
- Healthcare executives are responsible for creating conditions that enable and promote quality care while overseeing limited resources. Ultimately, their administrative decisions impact medical care delivery. However, the complexity of modern medicine presents serious challenges to anyone in hospital management who seeks to create a milieu free from error, strife, dissatisfaction, and constant turnover.

# DIFFERENCES BETWEEN PHYSICIANS (WHITE COATS) AND HOSPITALS (BLUE SUIT). THE GAP

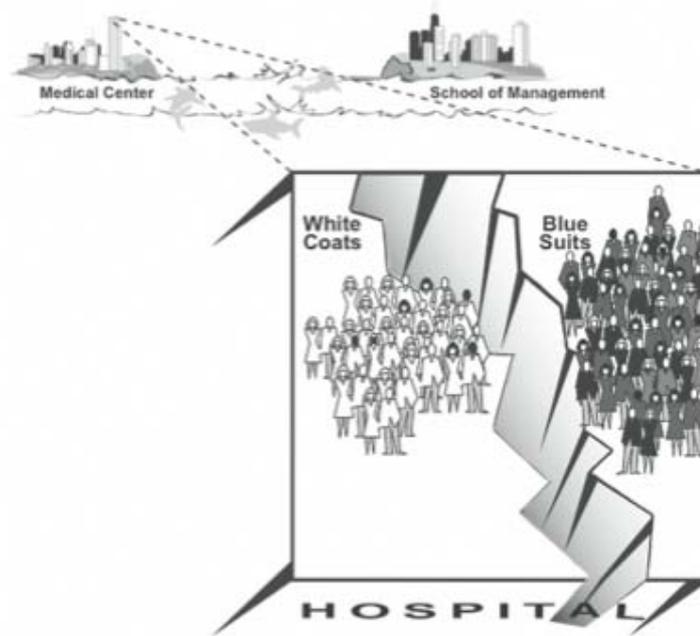
## Contrasting Medical and Management Attributes

	Attribute	Providers of direct care (Medicine)		Organizational decision-makers (Management)
1	Responsibility	Personally held	T H E G A P	Organizational; often delegated
2	Education	Structured. Uniform.		Unspecified. Highly varied.
3	How handle expertise?	Individually possess & use		Orchestrate. Facilitate.
4	Place in hierarchy?	On top [clinical]		On top [CEO]
5	Focus	Individual patient survival		Organizational survival
6	Focus of work	Individual patient		Patients in aggregate (market)
7	Time horizon	Short term		Long term
8	Gratification	Immediate and specific		Delayed or absent; diffuse.
9	Decision-making	Independent. Rapid		Group process. Deliberate
10	Strategic approach	Reactive		Anticipatory
11	Mgmt approach	Authoritative; act alone.		Collaborative, communal
12	Professionally accountable to:	Professional standards & peers, external to hospital		Hospital Board
13	Decisions impact:	Medical quality & resource use		Resource use & medical quality
14	Job defined by:	Accreditation, licensure		Job description
15	Healthcare changes caused a	Loss of power		Gain in power
16	Core Values	Altruism; Service; The Challenge		Altruism; Service; The Challenge

Mgmt=management.

Mending the Gap between Physicians and Hospital Executives. Waldman D and Cohn KH. The business of health care, 2007

# DIFFERENCES BETWEEN PHYSICIANS (WHITE COATS) AND HOSPITALS (BLUE SUIT). THE GAP



# THE NECESSARY RELATIONSHIP BETWEEN PHYSICIANS AND HOSPITALS

- “The days of loose cooperation—and sometimes competition—between hospitals and their medical staff members in private practice are quickly coming to an end”
- Barry S Badder. “Developing a Hospital-Physician Alignment Strategy”. *Great Boards*, 2008. See table attached

## 12 Signs You Need a Hospital-Physician Alignment Strategy

1. Shortage of primary care physicians.
2. Difficulty recruiting physician specialists.
3. On-call coverage problems in the emergency department.
4. Insufficient engagement of physicians in hospital-wide strategic planning.
5. Insufficient engagement of physicians in managing hospital product and service lines.
6. Insufficient engagement of physicians in hospital programs to improve efficiency, clinical quality, and patient safety.
7. Disconnected silos of currently employed physicians, owned practices, and joint ventures that don't collaborate to manage costs and quality.
8. Hospitals lack options for private practice physicians not interested in employment.
9. Medical staff organization isn't an effective forum for aligning interests.
10. Physicians are unwilling to volunteer for medical staff leadership roles.
11. Inability to respond to market demands for bundled pricing.
12. Inability to create a single hospital-physician “brand.”

# THE NECESSARY RELATIONSHIP BETWEEN TWO OPPOSING TEAMS: PHYSICIANS AND MANAGERS

- The real enemy is the **dysfunctional healthcare system**.
- The **common values and concerns shared** by physicians and healthcare executives could provide the framework for successful communication leading to a bridge across the gap and a collaborative rather than confrontational relationship.
- **Physicians could teach healthcare executives** about clinical priorities, useful new technologies, and scientific methodology, including evidence-based decision making.
- **Healthcare executives could educate physicians about management tools and techniques for** planning, implementation, and assessment, especially systems thinking.
- **Together as partners**, healthcare executives and physicians could address many of the currently insoluble problems in healthcare.

# THE NECESSARY RELATIONSHIP BETWEEN PHYSICIANS AND HOSPITALS. BRIDGING THE GAP



# Marriage between Hospital and Professionals



# Can This Marriage Be Saved? Physician-Hospital Relationships. Reasons for affiliation

Hospitals might seek to strengthen their affiliation with physicians for one or more of four reasons:

1. **COORDINATION OF CARE.** Important when hospitals receive additional income for controlling health care costs and improving quality.
2. **LEVERAGE WITH HEALTH PLANS.** Important when bargaining with health plans that contract selectively with certain hospitals or networks.
3. **LEVERAGE ADMISSIONS.** Always important, but especially during times of increased competition, tight margins and under-utilized capacity.
4. **RISK SHARING.** Important “when Health Maintenance Organizations (HMOs) pass on all or part of the financial risk for the costs of patient care to physicians and/or hospitals.”

Can This Marriage Be Saved? Physician-Hospital Relationships. Arizona Health Futures, 2005.

# *Some of the stress factors that put physician-hospital relationships at risk*

---

## HOSPITALS

- Weak financial reimbursement
- Staffing shortages
- Keeping up with technology
- Increasing consumer expectations
- Capacity constraints
- Competition from niche clinical providers

## PHYSICIANS

- Maintaining reasonable compensation
- Maintaining clinical autonomy
- Managing their business
- Increasing consumer expectations
- Malpractice premiums/business overhead
- Balance between professional and personal time

# Crisis and problems in the relationship between Health Institutions and Professionals

Current Spend to improve the Health machine like medicine, departements , Surgery, D+I ..

Control about Medical payments which must be stood by the insurance Companies

The prize of all the medical thecnology and which doctors need for diagnosis, treatment, investigation...

The impact of the economic crisis in Europe

# Breakdown of the marriage between professionals and Hospital

It is one of the keys to increased spending in the healthcare system and a crisis which we live. This situation has occurred with the highest incidence in the public health sector. The involvement of private medical practitioners with their leaders is infinitely greater. Even in a context of economic problems the collaboration and management support is great. When this binding is recovered almost anything is possible. Involve a responsibility facing the same interest.

Professionals can contribute much in all this to excellence every day. In both systems don't forget that public health is fundamental for the good functioning of a country. They are not enemies but complementary systems. Medicine is good or bad, no public or private. is is a little fair division.

The key finding solutions. The private sector is the place where this situation is improving easily.

# *Solutions to this problems*

---

- Increase collaboration among professionals and health center close interfaces establishing collaboration among its members.
- The crisis in health, apart from general economic problems, is a consequence of the lack of dialogue and collaboration, not feeling responsible for what you have in your hand.
- The public health system has separated professionals from their principal objective, driving economic data without the participation of professionals in most of cases.
- To perform recovery beginning we all work together. That is possible in a system in which work and effort is rewarded, and this is the private health system.

# Physician-hospital alignment. The physician perspective

- Physicians are interested in **alignment for monetary gain** and for more security and stability in their careers. Financial security is not always possible, however.
- Developing an alignment strategy with **clinically integrated networks**. There is renewed interest in group mergers and overall consolidation. Group mergers and other consolidations do not always serve as the ultimate solution for meeting accountable care era requirements.



# Physician-hospital alignment. The Hospital perspective

---

- Partnership with physician groups beyond employment is becoming more the norm. This may be due to **economic feasibility and to share the risk** between the physician group and the health system/hospital equally.
- Hospitals and health systems are developing a **pluralistic** approach to alignment: professional service agreements, co-management and alignment through clinically integrated networks.
- **Economic terms** and overall transaction structures are being refined.
- Governance / leadership initiatives are moved to a collaboration between public and private system.

# MORE IMPORTANT PRIVATE HEALTH GROUPS IN SPAIN

- QUIRÓN
- IDC SALUD
- GRUPO VITHAS
- ASISA
- HOSPITEN
- **HM HOSPITALES:** Situated in Madrid Community with more than 4.000 people working in them.
- SANITAS
- HOSPITALES NISA



# PRIVATE HOSPITALS COULD BE EXCELLENT

- **TOP 20 SPANISH HOSPITALS BENCHMARKS FOR THE EXCELLENCE. 2013 (IASIST Report)**
- **Among private hospitals:**
  - TOP emphasizes the best quality results with better functional outcomes.
  - The biggest difference of private TOP hospitals rests on efficiency, with a cost per unit of production by 42% lower.
- **6 of 20 are PRIVATE**



# FINALLY, successful hospital-physician relationship must be:

---

- **More than economic** in nature.
- It must have **measurable expectations** that are shared by the hospital and the physician.
- It must improve the quality and efficiency of **patient care**.
- It must involve health care **communication**.
- **Physician-hospital meetings** must begin to address **specific** action items built around specific business and strategic plans.
- Measurable **information must be available**, real time, not a lagging quarter.
- **Quality programs** must be measurable and evidenced based
- Hospitals and health systems must be prepared to **invest in infrastructure** to support relationships with physicians based on the business models chosen.

Hospital-Physician Relationships in the Era of Reform SS&G Healthcare 2013. [www.communityhospital100.com](http://www.communityhospital100.com)

# Collaboration between hospitals and professionals is the main key to solve problems

Thank You very much !

