The State and Future of Physician Leadership in the U.S. Healthcare System

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Market observation:

There is accelerating need and opportunity for physicians as leaders in a transforming U.S. healthcare system

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Drivers of an Accelerating Trend:

• Hospitals and independent physicians are consolidating (with each other), forming larger and more complex integrated clinical care and business models.

• Physicians emerging from clinical training are not being attracted to the private practice opportunities that remain.

Drivers of an Accelerating Trend:

• The larger, more complex integrated health system models have complex, organized physician services contained within the model, requiring physicians as leaders and enterprise managers.

• As health reform dynamics affect delivery, care efficiency and effectiveness require physicians to manage care across a full continuum within key clinical service lines, e.g. cardiovascular, cancer, orthopedics.

Drivers of an Accelerating Trend:

- In these larger integrated health systems, nearly 60% of revenues are earned in ambulatory settings.

- Fast-changing clinical care models affect overall system and capital performance, requiring physician decision–making and management.

- Physicians' incomes are dependent on the financial success of the clinical and business models.

Typical physician leadership positions in larger integrated health systems

- Chief Executive Officer (an increasing number of physicians are becoming CEOs)

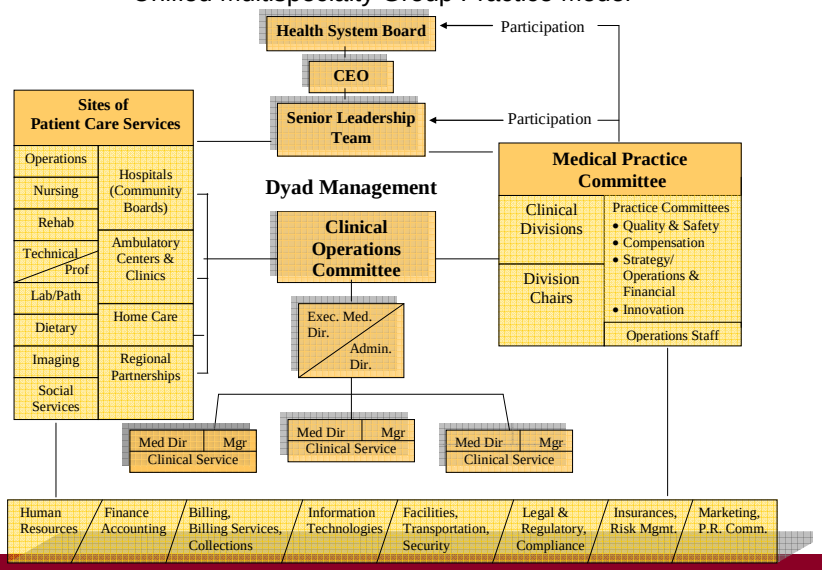
- Chief Clinical Integration Officer (responsible for the assimilation and implementation of clinical best practices across care sites)

- President, medical group (the physician service enterprise within the HIS)

Typical physician leadership positions in larger integrated health systems

- Medical director (of clinical service line)
- Chief of clinical informatics (the conversion of patient data to clinical information applications)
- Clinical division chief (e.g. medicine, surgery, etc.)

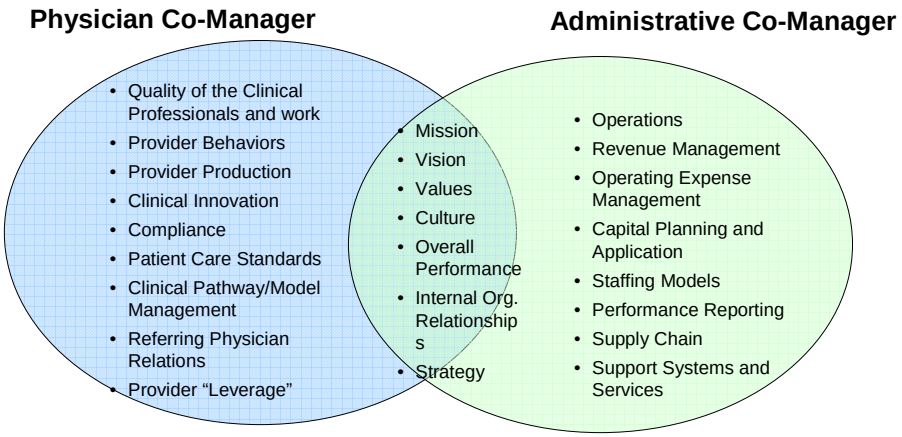
Integrated Health System Organization Design: Unified Multispecialty Group Practice Model



The "Dyadic Model" of Management

- Used by growing numbers of IHSs
- Pairs a physician leader with a qualified non-physician executive
- Shared accountabilities with differing job functions

The Dyadic Management Model for the Integrated, Community Health System



Compensating physician leaders

- Each has a defined job description
- Must maintain a clinical practice (except for physician CEOs, Chief Integration Officers and others who may serve as senior leaders within the HIS)
- Each is compensated according to the defined job. Physicians who are leaders less than half-time are compensated for “lost” clinical time at clinical rates

What does the U.S. market look like for physician leadership development?

- “Emerging physician leader” training programs
- Physicians in executive MHA/MBA programs
- Senior-level clinician leaders seeking advanced leadership and managerial training
- Online programs will grow (the best will be structured, cohort-based programs)

What is the expected "value proposition" of physicians as leaders and managers of IHSs (i.e., what should be achieved with physicians as leaders/managers of IHSs)?

- Optimal application of the physician services resource potential
- Rapid assimilation of evidence-based clinical best practices.
- Optimal care process efficiency (and related cost management)

What is the expected "value proposition"?

- Ability to recruit and retain the best clinicians in a short supply/high demand marketplace.
- Effective total care-cost management in an environment that requires health systems to assume financial risk.
- Optimization of capital efficiency (especially under conditions of compressed depreciation curves).
- Ability to quickly modify clinical delivery models.

What is the expected “value proposition”?

• Reduction (minimization) of unproductive clinical care variation.

• Ability to assume and effectively manage financial risk for specific populations with chronic disease.

• Create “leverage” within the IHS model, especially planning and delivery team leverage

Summary

•The U.S. healthcare system will continue to consolidate.

• Larger, more complex integrated health systems will form.

• Success in a “reforming” U. S. healthcare marketplace will require trained physician leaders.

• Physicians will seek leadership and management training earlier in their career development.