

Performance Strategies



Increase Physician Alignment Using IT Benefits

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Economics and Technology are Driving Closer Hospital and Physician Relationships



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Physician Alignment More Critical than Ever

The relationship between physicians and hospitals has waxed and waned over the decades, but those bonds are rapidly growing stronger. Physician alignment is now a critical issue for hospitals of all sizes and locations. Quite simply, the economics of healthcare and a changing political environment are bringing them together as never before.

This new strategy of alignment has produced three distinct trends that promise to change the face of healthcare across the country.

To create good referral relationships, hospitals are:

- Employing a greater number of physicians
- Helping employed and independent physicians convert to electronic health records (EHR)
- Connecting community physicians with online services

Driving the Physician Business

A decade ago, many hospitals started acquiring physician practices at a rapid pace, only to realize they were unprofitable in many cases. Losses prompted hospitals to pull back from direct employment, but over the past three years that trend has gained new strength. Consider these numbers on physician employment:

- 8% growth in hospital-employed physicians over the past 3 years
- 150,000 out of 620,000 U.S. physicians are hospital-employed

While there are several reasons for this shift, those most often cited are a change in hospitals' perceived value of physician practices and an emerging emphasis on quality of life among doctors.

The Hospital View: Increasingly, hospitals and health systems see employment as a means to secure referral revenue for surgery, radiology, laboratory testing and other procedures. These referrals and other ancillary revenue streams from employed physicians far outweigh the marginal benefits of owning a practice.

The Physician View: Physicians are also viewing hospital employment more positively as they see reimbursement declining and labor costs increasing. In addition, many physicians have become increasingly dissatisfied with a practice model that takes a heavy toll on their personal and family life. Employment offers the benefits of greater business and professional support coupled with more predictable income and work demands.

Employment also gives physicians access to another significant benefit of affiliation with a large organization — information technology (IT) such as [electronic health records \(EHRs\)](#) and [practice management systems](#) that can improve patient safety and create greater clinical and financial efficiencies.

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Economics and Technology (Cont.)

Helping Practices Convert to EHRs

A health system's ability to roll out ambulatory electronic health records solutions brings us to the second leading trend in physician alignment — helping doctors automate the care delivery process. That process has been given a powerful boost by the American Recovery and Reinvestment Act, which includes legislation designed to promote the use of healthcare IT by all providers.

McKesson has responded to the legislation with its [Achieve HIT program](#). Achieve HIT is designed to help providers optimize and accelerate their efforts to improve care delivery as they put plans in place to achieve meaningful use and qualify for these new incentives.

American healthcare has long lagged behind other industrial nations in using IT to improve patient care and efficiency. With more money and other incentives on the table, physician offices with EHRs will grow dramatically. If these systems are to achieve their full use and potential, health systems must do their part in making the transition a reality.

As physicians make IT decisions, many will turn to the health system for guidance about selecting systems that are interoperable with the hospital system. Many will be receptive to the idea of a hospital becoming their EHR champion.

Thanks to Stark law exceptions and anti-kickback safe harbors, hospitals and other entities can donate health IT to physicians. Many health systems have developed successful programs offering technical services such as hosting, support and implementation, and even training.

Connecting Practices with Online Services

Another option to promote a referral relationship, especially with smaller practices that may not have an EHR, is to provide [connectivity services](#) that include:

- Patient results shared from the hospital inpatient EHR to the practice EHR, and optionally to the patient's personal health record
- E-prescribing to pharmacies
- Provider-to-patient communications and the opportunity for reimbursable webVisits®
- Provider-to-provider secure messaging for collaboration and referrals

These connectivity services are attractive to physicians because they provide important benefits that improve patient care and streamline operations. They also create a foundation of data that makes the transition to a fully functional EHR more seamless.

Joining Forces to Create a Connected Community

While these efforts come at a time when hospitals themselves are facing tight budgets, this three-pronged approach (employ, provide EHR, connect) is a particularly effective strategy for hospitals in areas with strong competition. Reaching out to physicians with EHRs and connectivity tools to help automate their practices may give a hospital the edge in attracting those physicians and their referrals.

Just as medicine is practiced most effectively when professionals and healthcare organizations work together as a team, so the path to healthcare automation is best traveled together.

David Henriksen is Senior Vice President and General Manager of McKesson's Physician Practice Solutions and has more than eight years of experience in physician office and medical imaging solutions. For McKesson, he oversees McKesson's practice management and electronic health record solutions for physician practices. Henriksen is currently on the Board of Directors of the Technology Association of Georgia Healthcare Society.

Nine Strategies to Improve Physician Alignment Using the Benefits of IT

1. Develop Partnerships

Meet with your community physicians individually and understand how you can partner with them. For example, employment may be an attractive option due to tough economic conditions or quality-of-life concerns.

2. Provide Advanced Clinical IT

Support physicians in practicing high-quality care by providing advanced clinical IT, such as EHRs, CPOE and e-prescribing.

3. Offer Guidance on Selecting an EHR

Help employed and independent physicians convert to EHRs by offering guidance on selection of a system that is interoperable with the hospital system, enabling the EHR to cross the settings of care.

4. Involve Physicians in Leading Implementation Projects

Physician leaders will ensure the system implementations meet the needs of physician end users.

5. Use Stark Law Relaxations to Offer Subsidized EHRs

Use the relaxation in Stark regulations to provide independent community physicians with an ambulatory EHR and practice management software. Some hospitals also offer technical services such as hosting, support, implementation and training.

6. Connect Your Physician Community with Connectivity Tools

Use connectivity tools to connect with community physicians. Provide results data from the hospital system to the affiliated physicians' EHR and offer other services to streamline and improve their practice, such as e-prescribing and patient-physician/provider-provider communication.

7. Provide a Physician Portal for Easy Seamless Access to Inpatient/Outpatient Data

Enable physicians to seamlessly access inpatient and outpatient information via a portal that enables anytime, anywhere care.

8. Help Physicians Adapt to and Adopt IT

Help physicians adapt to and adopt IT through process redesign and creation of automated best practice workflows.

9. Provide Consulting Services to Integrate Physician Practices and Hospitals

Use physician revenue management consulting services to develop actionable plans to improve cash flow and business office productivity.

Events

For McKesson Customer CIOs:

[**The CIO Forum**](#)

Sept. 9-10, 2009

Gaylord Palms

Orlando, Fla.

Topics include:

Economic Stimulus

Healthcare Reform

Financial Challenges

[**Register Online**](#)

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