Physicians as Employees: Fostering Physician Engagement

A Focus Paper
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Introduction

For over 20 years the concept of employee engagement has been the topic of exploration and concern for corporations, academic institutions, human resource departments, and managers. Countless studies have found that engaging employees in an organization and in their work leads to increased productivity, job satisfaction, and many other beneficial outcomes. Whereas historically physicians have predominately been self-employed in the private practice model, now for a myriad of reasons, physicians are increasingly opting for health system (i.e. hospital or other non-physician owned entity) employment instead of self-employment. As this trend continues, the importance of engaging physicians as employees is becoming vital to the success of the United States’ health care system.

The objective of this paper is to focus on the unique employee engagement challenges health systems face when employing physicians. By conducting a literature review, exploring online resources, and drawing upon personal experience, the author seeks to develop a framework for fostering the engagement of physicians employed in health systems.

The Private Practice Model

Traditional physician employment – For decades the general career path of physicians was relatively straightforward, after graduating from medical school and completing a residency program, the typical physician entered into private practice. Private practice is the term used to refer to “the work of a professional health care provider who is independent of economic or policy control by professional peers, except for licensing and other legal restrictions.” (private practice) Further, private practice refers to a medical organization that is owned and operated by physicians. Upon beginning a career in private practice, physicians are generally employees of the organization for a period of time (i.e. two to three years) while they build their patient base and prove themselves as “partner-worthy” to the senior physicians who own the practice.

Once an employed physician establishes a solid and loyal patient following and consistently generates sufficient revenue to cover his overhead, the existing partners will convene
to determine whether or not to offer the physician the opportunity to buy into the practice as an equity partner. Upon becoming an equity partner, the physician is entitled to the benefits of business ownership, which generally include: bonuses, fringe benefits, additional vacation time, and a vote in business related matters.

Physicians elect to go into private practice for a variety of reasons; J. Scott Litton, Jr, MD describes his feelings and motivation toward private practice as follows:

In private practice you can be your own boss. There are no office managers or practice administrators that come to me on a routine basis asking me to see more patients per day. No one asks me to why I only saw two or three new patients yesterday. In my practice, we have a very high patient retention rate. Why you might ask? The patients tell me that they enjoy being able to see the same physician for each follow-up visit. They also like the very friendly atmosphere in my office. The same nurse contacts them to inform them of test results. The same front desk staff greets them and bids them farewell at each visit as well.

(Litton)

In general, physicians in private practice seem to enjoy greater control and autonomy in regard to the business operations of their medical practice and the manner in which they choose to practice medicine.

Private practice environment – The size, makeup, governance, and culture of private practices vary widely. Some private practices consist of a solo practitioner, while others consist of anywhere from two to 100+ physicians. Following is a table from “Medical Economics”, which depicts the shift in number of physicians in practice in 1983 as compared to 2014.

(Bricker)
While this table does not differentiate the type of practice private versus hospital-based, the numbers clearly show a trend away from smaller practices.

Naturally the size of an organization impacts its organizational governance. In private practice, equity partners are included in the operational and business decision making processes for all matters that concern the organization. Decisions are then executed by practice management by way of an administrator, manager, or executive director. It is important to note that, as business owners, physicians in private practice are generally privy to all levels of information (i.e. human resources, financial and productivity, etc.).

In private practice, physicians are given a voice and collectively decide how the practice should be operated. Though each private practice is different, physicians collectively influence such things as: how revenues and expenses should be shared (subject to law), how many new patients to accept, how the appointment schedule should be structured, what type of benefits to offer employees, human resource policy and procedure, what type of medical services to offer, when new equipment should be purchased, how to customize and utilize electronic medical record systems, practice hours of operation, staffing ratios, and so on. In short, physicians in private practice are essentially free to operate their practice in the manner in which they best see fit.

**Why Are Physicians Seeking Employment Versus Private Practice?**

Since the private practice model appears to be so wonderful, the question then becomes, why are physicians leaving private practice in favor of employment with health systems?
In recent years, as the health care landscape has become ever more complicated, more physicians are deviating from the private practice model in favor of health system employment. A number of industry trends have contributed to this phenomenon including: the adoption of expensive and complicated electronic medical record systems, increased regulations and payer mandates (i.e. Stark Law, Meaningful Use, Physician Quality Reporting System, Value Based Modifier, etc.), the shift from fee-for-service reimbursement toward value based, increased operating costs, and stagnant reimbursement rates.

Dr. Tracy Ragland, 46, an independent primary care physician, is more anxious about the future of her small practice. [The Affordable Care Act] is bringing new regulations and payment rates that she says squeeze self-employed doctors. She cherishes the autonomy of private practice and speaks darkly of the rush of independent physicians into hospital networks, which she sees as growing monopolies. “The possibility of not being able to survive in a private practice, especially primary care, is very real,” she said. (Goodnough)

Conversely, some physicians are seeking more work/life balance and therefore are not as willing or interested in taking on the extra administrative responsibilities that come along with business ownership.

In this environment, some physicians are opting to sell their practices and move to employed positions. On another level, young physicians coming out of training appear, as a whole, to be more interested in focusing on their daily practice than on operating what is essentially an entrepreneurial enterprise – especially when the future economics of traditional practice are uncertain. (Darves)

At an ever-increasing rate, physicians are trending toward healthy-system employment. According to a 2014 article in the New York Times, “Last year, 64 percent of job offers filled through Merritt Hawkins, one of the nation’s leading physician placement firms, involved
hospital employment, compared with only 11 percent in 2004. The firm anticipates a rise to 75 percent in the next two years.” (Rosenthal)

The Employed Physician Model

In contrast to the private practice model, the employed physician model finds physicians employed by non-physician owned organizations (“health systems”). In this model physicians are offered an employment contract and a salary in return for rendering their professional services. However, in the employed physician model physicians generally lose a fair amount of their involvement in the decision making process and the aforementioned business and operational aspects of their medical practice.

As employees, physicians are expected to examine and treat patients within the parameters that are defined by, and for the overall benefit of, the health system. This is where some health system and physician relationships become strained, especially for those physicians who have previously worked within the private practice model.

Compared to the independent physicians of 20 years ago, today’s employed physicians often exhibit poor morale. It is easy to see why. When physicians become employees, they forfeit a substantial degree of professional autonomy. They are subjected to more institutional rules and regulations, feel increasing pressure to practice according to prescribed patterns, and often labor under escalating productivity quotas. (Gunderman, Should Doctors Work for Hospitals?)

When employed by a health system (which are generally notably larger than private practice organizations), the focus is shifted from the desires, needs, and operations of the individual physician practice to those of the division, service line, or overall health system; and a much greater emphasis is placed on revenues and expenses than physician preference. The same is not always the case in private practice, where physicians may tend to opt for preference to the detriment of the practice’s finances. In private practice, the physician is in essence an
entrepreneur. At the end of the day, decisions affecting the bottom line have a direct correlation to the physician’s take home pay.

In the employed physician model, physician autonomy and involvement are often diminished, which can leave physicians feeling disenfranchised and disengaged.

**Employee Engagement**

Every organization endeavors to employ individuals who are productive, positive, and reliable. One of the primary means of helping to ensure success in cultivating employees is to focus on the concept of employee engagement. Employee engagement is generally defined as, “the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work.” (What is Employee Engagement?) Naturally, to be a successful business owner (as in a physician in private practice) one would need to exhibit all of these characteristics or be “engaged”. However, being engaged is not a prerequisite for employment and therefore health systems must take action to engage their physicians.

The focus and study of employee engagement dates back to the early 1990’s when it was first addressed in a scholarly article. (O’byrne) Prior to that time the focus was on employee satisfaction, which “had little or no connection with performance and was more about the employee than the organization or the employee’s relationship with it.” (O’byrne) Since its inception, employee engagement has been the focus of many scholars, corporations, and human resource departments, as the benefits of employee engagement are well documented. “Engaged employees produce more, they make more money for the company, they create emotional engagement with customers they serve, and they create environments where people are productive and accountable. We also know that engaged employees stay with organizations longer and are much more committed to quality and growth…” (Coffman)
With the insurgence of physicians gravitating toward the employed physician model, the concept of employee engagement as it relates to physicians is becoming a critical factor in the success of health system operations.

The reality is that physicians play a large role in the complex mechanisms of healthcare delivery. From providing frontline care to filling leadership positions, physicians drive 75 to 85 percent of all quality and cost decisions. That’s a mighty large percentage, which translates to significant financial losses if physicians are disengaged and don’t participate in improvement initiatives.

(Oshiro)

A Proposed Framework for Success

Engaging employed physicians is a challenging and critical task that is not the same as engaging employees who are not physicians. Physicians are highly skilled individuals who are trained to think autonomously. In medical school and in residency, physicians are programmed to assimilate and synthesize information and then take appropriate action; often without supervision and little to no input from others.

Physicians are classic examples of “knowledge workers,” a term coined by Peter Drucker, famous management theorist. Drucker noted that knowledge workers are independent thinkers who cannot be bossed – even if they are on the payroll. Like attorneys, engineers, and other bright professionals, doctors own the means of production in their knowledgeable minds and skilled hands. Even doctors cannot order other doctors about. (Just ask any chief medical officer who has made the mistake of trying to do so!) In our experience, the only sustainable way to help physicians achieve their potential in serving their patients is to engage them as partners in practice and enterprise success. Likewise, physician engagement is the only way to hold physicians, other providers, and staff
accountable for performance in terms of clinical quality, service quality, productivity, and practice financial viability. (Halley)

Health systems employing physicians must take special care to foster an environment and relationships that engage physicians in a manner that emulates aspects of the private practice model. Following is a framework comprised of five elements which can be used by health systems to foster physician engagement

![Organizational Culture Diagram]

**Organizational Culture**

Organizational culture is generally defined as, “a system of shared assumptions, values, and beliefs, which governs how people behave in organizations.” (McLaughlin) Organizational culture is influenced by many things and, as mentioned, ultimately sets the tone for how people behave and what they expect. For instance, organizational culture may dictate that employees are not to question policy and procedure, but should instead follow instructions as provided. Conversely, organizational culture may encourage employees to question policy and procedure in an effort to foster innovation. One author shares his impression of health system organizational culture by stating, “The sad reality is that although hospitals are chock full of dedicated people who have a heart for service and caring, they work in some of the most dysfunctional cultures around.” (Spiegelman)
The first step toward physician engagement is assessing the organization’s current culture or climate. How engaged are physicians presently? What is their overriding sentiment? To what degree do physicians seem satisfied with their work and the organization; with the organization’s mission, vision, goals, and expectations for physician performance? The culture of the organization should seek to foster open communication, transparency, and trust. In their book *The Patient Comes Second*, Spiegelman and Berrett explain how workplace culture impacts the patient experience. On their website they offer a 10 question “Culture IQ” survey for organizations to assess their culture of engagement (Exhibit A). This simple survey offers quick insight into organizational culture and offers a starting place for taking further action. After assessing the state of the current organizational culture, the health system can then identify areas of weakness and needed improvement, and begin to focus its efforts on those areas of need.

Health systems should determine what type of culture is best suited to their organizational mission, vision, and goals. With the input of physicians and other employees, the health system should seek to create what Kristin Baird, RN, president and CEO of Baird Group calls an *intentional culture*. “In other words, people are really defining, ‘This is what we want our culture to be.’” (Adamopoulos) Baird also recommends hiring only people who fit the desired culture. This is important to note, because too often health system will employ physicians as a means to an end (i.e. increased market share, developing a new service line, etc.). Due diligence should be conducted to determine whether a physician, like any other employee, is a good hire for the health system. The most productive, skilled, and popular physician in the community might be the worst employee.

**Communication**

The next step toward physician engagement is fostering open and meaningful communication. “Communication is often the basis of any healthy relationship, including the one between an employee and his or her manager. Gallup has found that consistent communication – whether it occurs in person, over the phone, or electronically – is connected to higher
engagement.” (Harter and Adkins) Health systems should give physicians a voice and listen to what they have to say. It is important for both parties to understand that not everything requested can be granted and not all problems will be able to be readily solved. However, engaging in open and constructive dialogue is the cornerstone for beginning to understand the context of physician disengagement.

Meaningful communication takes time and the health care industry faces unique challenges when it comes to time constraints. Conventional wisdom states that the most productive use of a physician’s time is providing medical care to patients. However, time must be made to foster communication between physicians and health system administrators.

“Communication is a strategic agenda topic, a central part of the culture of the organization.” (Tuck)

Following is a list of selected “Communication Best Practices” from Dale Carnegie Training:

- **Strategic internal communications plan:** A clear and strategic internal communication strategy is the lifeblood of any company and the engine that drives employee engagement.
- **Consistent two-way communication across all levels of the enterprise:** Establishing a two-way flow of information fluidly and consistently carries information from the top to the bottom and then moves feedback from the bottom back up to the top. This reduces ambiguity of messages, eliminates inaccuracies that are inherent to the corporate grapevine, and empowers workforces with appropriate information that connects them with senior leadership.
- **Robust communication channels:** Make communications available to employees in a variety of ways, but always emphasize face-to-face communication. By offering employees a choice in how they access information, it creates a sense of empowerment and respect that immediately makes communications more engaging.
- **Eliminate fear of repercussion:** At the onset of an internal communications program, some employees may be wary of expressing themselves honestly, fearing for the security of their job if they disagree with a message from senior leadership. Therefore, it’s important for managers to establish a safe place where employees can voice their opinions without fear of how their honesty will affect their position.
- **Measure, measure, measure:** The only way to know if communication strategies are effective is to ask employees. Assess the success of an internal
communication program during regular performance evaluations or through employee-satisfaction surveys. Are employees receiving communications too frequently or not often enough? Do they feel like leadership hears and values their opinions? Do they have suggestions for more effective communication channels? (Tavakoli)

Involvement and Transparency

Once ongoing communication has been established, the next step toward physician engagement is involvement. Health systems are complex organizations with a wide variety of departments and service lines that work with a menagerie of stakeholders. It is easy for physicians to feel lost in the system and disconnected from decisions that are being made that impact their employment and medical practices. “Employee involvement programs can increase job satisfaction, employee morale and commitment to the organization, as well as increase productivity, reduce turnover and absenteeism and enhance the quality of products and services.” (Employee Involvement)

While it is not appropriate for everyone within an organization to be privy to everything, certainly physicians should hold a seat at the decision-making table. Furthermore, inherent to this seat at the table is transparency of information. When it comes to physicians, health systems should seek to be transparent regarding their operations, financial performance, and strategy.

Establishing appropriate forums and committees for physicians to become involved in is an excellent way to foster engagement. Participation in such venues should strengthen and evolve organizational culture, foster communication and encourage the physician’s voice, and certainly enhances physician involvement. However, convocations should be held in a meaningful, productive, and constructive way with a clearly defined purpose and agenda. As previously asserted, physician time is a valuable resource and from a business perspective, every moment spent outside of providing patient care is lost revenue. Additionally, if not facilitated correctly, forums and committees can become destructive and ultimately lead to further disengagement.
In his article “Engaging Employed Physicians in Your Hospital’s Success” consultant Marc Halley discusses the council model, “a forum for dialogue between physicians, other providers, and executives to improve performance and to solve problems in the practice setting and across integrated networks.” Halley recommends two levels of operational governance to foster physician engagement and increase accountability:

1. **Practice Operations Council (POC):** site-specific or department-specific councils that include as members all the physicians and other providers, in addition to a well-qualified ambulatory executive.

2. **Network Operations Council (NOC):** deals with network-wide policies, decisions, initiatives, practice performance, and more and includes selected physician leaders and senior hospital executives.

**Collaboration and Consensus**

Undoubtedly even health systems with the most disengaged physicians have some level of physician involvement and transparency. Thus, simply facilitating physician involvement and providing transparency of information is not enough. The next step toward physician engagement is fostering collaboration and building consensus.

Merriam-Webster dictionary defines collaboration as, “to work with another person or group in order to achieve or do something.” By encouraging communication and establishing involvement, health systems will have set the stage for collaboration. Physicians and administrators must view each other as teammates (i.e. ‘We’re on the same team.’). All too often an “us” against “them” attitude evolves, which creates negative energy, is counterproductive to progress, and degrades engagement. The truth of the matter is, health systems need physicians and physicians need health systems, and so it behooves both parties to collaborate toward their mutual best interests.

As its definition states, the goal of collaboration is to achieve or do something. In order to do this, physicians and health systems must be willing to reach consensus. To this end,
physicians and health systems must work together and be willing to compromise and sometimes concede. Again, it is important for both parties to understand that not everything requested can be granted and not all problems will be able to be readily solved…

In their article “Consensus Building” Burgess and Spangler identify an eight step process that can be applied to any collaborative effort:

1. Problem Identification
2. Participant identification and recruitment
3. Convening
4. Process Design
5. Problem definition and analysis
6. Identification and evaluation of alternative solutions
7. Decision making
8. Implementation (Burgess and Spangler)

Trust

The pinnacle of engaging physicians as employees is developing a relationship of trust. Dictionary.com defines trust as, “reliance on the integrity, strength, ability, surety, etc., of a person or thing; confidence.” Trust may be seen as the nirvana of physician engagement, because it is often difficult to attain, though not impossible. By becoming an employee of a health system, physicians have already pledged a certain degree of allegiance and trust to the organization. Employees trust that their employer will be generally fair and forthright, protect the employee’s best interests, provide a work environment that is conducive to productivity, foster camaraderie, and so on. Health systems must realize that as the employer, they hold the upper hand in this relationship and have a supreme responsibility to foster engagement. Trust is something that is established slowly over time, extremely valuable, but lost easily.


The “Plan. Do. Check. Act. Model” (PDCA) is widely known and adopted by organizations that seek continuous improvement. It asserts that for any initiative one should first develop a plan, second execute the plan, third follow up at regular intervals on the plan’s success, and finally take action to amend the plan as necessary. PDCA is applicable to this proposed
framework in that while the framework proposes a series of steps to be carried out in order (one building upon the other), the process does not exist in a vacuum and is subject to an almost infinite number of variables. Checking and taking appropriate action will serve to ensure the continued success of the framework and a health system’s endeavors to foster physician engagement.

Conclusion

This paper has proposed a framework for fostering physician engagement in a health system employment model. The responsibility of the health system as an employer to foster engagement has been well established, as have the benefits of physician engagement. As an extension of the health system, its administrators and managers are of paramount importance in successfully executing this framework. To help ensure success, managers should be knowledgeable, diplomatic with fair temperaments, and empathetic.

Recall that in the private practice model physicians collaborate with one another to run their business to their own benefit. As an employee of an organization, the ultimate focus is on serving the organization and perpetuating its operations. This paper has identified the health system’s responsibility to foster physician engagement. However, physicians must recognize their role within the health system and the limitations of that role. There is much room for improvement of health system and physician relations, but health system employment will never be private practice; just as being an employee of an organization will never be the same as being a business owner.
Works Cited


"MUSC Hospital Administration Organization Chart." 13 January 2015. Medical University of South Carolina. 18 January 2016.


Exhibit A: Spiegelman and Berrett’s Culture IQ Survey
Our core values are deeply ingrained into our decision making process *

We have fun at work *

We have a system in place to show that we care about the personal lives of our employees *

We hire for fit in addition to skill *

We quickly and appropriately move the wrong people out of the organization *

Our employees get personally involved in our community service activities *

We regularly measure employee engagement, create action plans and communicate results *

We have a robust reward and recognition program *

We regularly demonstrate our commitment to growing and training our employees *

Our employees feel like they are here for a purpose beyond just their job *

Got any culture stories from your company that you are really proud of? Please share them here.

Score

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