

STARTER KIT

for Creating a Medical Staff Development Committee

By Jennifer Moody, for HealthLeaders News, October 25, 2004

Physician recruitment remains a strategic priority for most hospitals for a variety of reasons, not least of which is the increased scrutiny that the federal government is bringing to bear on hospital physician recruiting related activity.

Federal tax, fraud and abuse, and self-referral laws (Stark) governing physician recruitment all have several things in common. Among these is a requirement that hospitals recruiting physicians demonstrate that additional physician services are needed in the community. The laws also require a significant level of hospital board involvement in the physician recruitment process.

For compliance reasons alone, many hospitals are establishing medical staff development committees to ensure that physician recruitment is conducted in a manner consistent with federal guidelines and to promote board participation and approval. Such committees also serve a variety of other purposes, however. Tasks delegated to medical staff development committees typically include:

- Working with current staff on succession planning.
- Working with current staff on retention and satisfaction issues.
- Establishing recruitment goals and recommendations.
- Overseeing the Medical Staff Development Plan, including selection of a consulting firm, participation in the planning process, approval of the final plan and presentation of the plan to physicians, the board and the community at large.
- Establishing physician candidate parameters.
- Approving recruitment incentives and packages.
- Overseeing the recruitment process and selection of outside recruiting firms, if necessary.
- Reviewing candidate CVs during the recruitment process.
- Participating in and organizing candidate interviews.
- Participating in physician relocation.

In order to be effective, MSD committees need to be comprised of appropriate members dedicated to achieving clearly understood goals. The first task is to determine who will be on the committee.

Committee Structure and Reporting

MSD committees vary in size, membership and reporting structure from hospital to hospital, based on the size of the facility and what the committee is charged with doing. MSD committees usually range from four to 20 members. In virtually all cases, the Chief Medical Officer is a member of the committee. In addition, the acting Chief of Staff is either a member or attends meetings to represent physicians at large. The Medical Staff Coordinator also usually is a member of the committee but is not always granted a vote.

Other members of the MSD committee may include:

- Board members (with an emphasis on physicians)
- Staff physicians, usually a representative sample of specialties and medical groups
- Chief Executive Officer
- Chief Nursing Officer
- Chief Financial Officer
- Hospital department representatives from community relations, marketing, strategic planning, and patient care
- Administrators of major group practices in the area
- At-large community members, often drawn from the chamber of commerce or economic development community.

Care should be taken to appoint committee members who have a long-term interest in the viability of healthcare in the community rather than those who have a short-term interest or a particular vested interest (i.e., a physician who is anxious to recruit a partner, or, conversely, a physician anxious to forestall recruiting efforts.)

If the committee is given the final authority to determine recruitment priorities, rather than just making recommendations to the board, some legal advisors suggest that physicians on the committee abstain from voting on recruitment decisions that would affect their own specialty or group. Another way to avoid potential conflicts of interest is to structure the committee so that physicians do not have the majority vote.

Reporting structures, like committee membership, may vary from case to case. In some instances, the MSD committee is a sub-committee of the board; in others it is part of the medical staff structure. In some hospitals, the MSD committee serves as an advisory group reporting directly to the CEO.

Setting the agenda

Though MSD committees may vary somewhat in terms of their purpose, make-up and reporting structure, they all need a specific agenda to follow in order to achieve targeted goals. Generally, the committee's purpose is to lay the strategic foundation for both overall physician relations and physician recruitment.

In today's market, where the competition for physicians is intense, the first priority is to retain the physicians you have. The MSD committee can be essential to this effort by acting as a bridge to current staff physicians so that the hospital understands their future plans and their current needs and concerns. In particular, the committee can approach staff physicians regarding retirement or relocation, so that a strategic succession plan can be put in place. The

committee also can help staff physicians work through issues such as call coverage, potential physician-hospital competition, allied staffing, equipment requests or other matters that can lead to physician dissatisfaction.

Average Annual Net Inpatient/Outpatient Revenue Generated for Hospitals Per Specialist	
Orthopedic Surgery	\$2,992,022
Cardiology (non-invasive)	\$2,646,039
Cardiology (invasive)	\$2,490,748
General Surgery	\$2,446,987
Neurological Surgery	\$2,406,275

The MSD committee has a further mission when it comes to selecting physician leaders. The committee can help identify candidates for medical directorships or other executive positions within the hospital, paving the way for more physician involvement in administration – a crucial step in addressing the rising level of physician-hospital conflict prevalent in healthcare today. The MSD committee therefore has an important role to play whether or not the hospital is actively recruiting physicians.

When recruitment is initiated, the committee is responsible for helping to demonstrate that a need for additional physician services exists. This requires that a thorough physician needs assessment be conducted, either by hospital personnel or by an outside firm. Whoever conducts the assessment, the MSD committee must be satisfied that the methodology used provides a truly objective analysis of the service area that will be credible in the eyes of the medical staff, physician recruitment candidates, and potential federal auditors. The committee then usually helps determine what kinds of physicians should be recruited and how they should be recruited. Some members of the committee may participate directly in the recruitment process.

The need for physician recruitment is not always manifest to all stakeholders, and the need to offer recruitment incentives is sometimes even less apparent, particularly to members of the board who are not healthcare professionals. The committee chairman, usually a hospital representative, may wish to educate committee members about the current physician supply and demand situation by sharing articles or books regarding the physician shortage. This will underline the fact that physician recruitment is often very challenging today and that a concerted recruitment effort is necessary to attract most types of physicians.

Physician recruitment also is very important to the hospital from a financial perspective, a fact underlined by a recent Merritt, Hawkins & Associates' survey showing the average annual revenue physicians in top specialties generate on behalf of their affiliated hospitals.

The MSD committee also should review the variety of physician compensation surveys available today to determine what constitutes competitive recruitment incentives in today's market. IRS, HHS and Stark recruiting regulations state that such incentives must be "reasonable" based on prevailing physician incomes for the specialties at issue. By reviewing this data, the committee can make informed recommendations regarding the incentive package to be offered. Having a physician work agreement or contract prepared prior to the candidate interview is an essential goal the MSD committee must achieve. Recruitment becomes much more difficult and often is thwarted when candidates have no agreement to review and are left in uncertainty about vital details such as the financial package, the length of the agreement, etc.

The MSD committee should help determine what types of physician candidates will be considered. When setting candidate parameters, it is important to focus on the essentials. Perfect candidates are in short supply. Good training, a positive bedside manner, good communications skills, a strong work ethic and a true desire to relocate to the hospital's service area should trump more superficial issues such as personal "star quality."

The search process

The MSD committee establishes a broad consensus for the need to recruit physicians and ensures that incentives are reasonable and transparent with no payment for patient referrals stated or implied. All this is in accordance with federal recruiting regulations. Committee members also may become directly involved in the search by helping to arrange candidate interviews, seeing that the physician and his or her spouse tour the hospital, tour the schools, review the real estate, etc. Much of the physician interview is social in nature, and committee members can ensure that physician candidates meet people similar to them in age and personal interests. One key role committee members can play is to ensure continual communication between the hospital and physician candidate and to monitor hospital responsiveness. Faulty communication after the candidate interview is a principal reason why many search efforts fail. The MSD committee can help see to it that communication remains timely and efficient.

As physician search becomes more challenging and more closely scrutinized by government agencies, it is evolving into a larger, more collaborative effort involving hospital administration, the medical staff and the community. An effective medical staff development committee helps tie these elements together into a focused and compliant whole.

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