

# LEADERSHIP

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## Integration Effort Helps Steer Cardiology Practice in a Positive Direction

By Jim Palazzo

One year after making operational and cultural improvements, a hospital-acquired cardiology practice has increased its patient volumes and financial stability.

In January 2010, St. Luke's Hospital in Cedar Rapids, Iowa, acquired Cardiologists L.C. (CLC), the first and largest cardiology practice in Cedar Rapids. This new hospital-physician partnership was established to better serve the community by creating a more coordinated focus on increasing quality and reducing the cost of health care, specifically in the high-cost area of cardiology.

St. Luke's leaders also hoped the integration effort would help the cardiology practice financially, as it was struggling with low revenues and a declining patient population. The partnership was expected to boost CLC's patient population by enabling its 17 physicians to see patients at St. Luke's and Mercy Medical Center, another hospital in Cedar Rapids.

The integration efforts slowed in March 2010 when CLC's executive administrator left. However, in July 2010, a physician

practice management and consulting firm placed an interim manager at CLC for three months to help coordinate operational and strategic activities and to ensure integration efforts between the hospital and cardiology practice didn't stall.

Over the next year, CLC implemented dozens of strategies aimed at improving the practice's operations, such as expanding clinic hours and offering same-day and after-hour appointment times.

In addition, hospital leaders and practice physicians worked to establish mutually important goals, which has been key in aligning the cultures of the two newly merged organizations.

### Fixing Four Areas

At the time the interim manager took over at CLC, St. Luke's was in the middle

of implementing a strategic plan for the practice and a practice assessment project.

"We were very focused on getting an individual in place who had management experience and who could help complete these two projects," says John Sheehan, executive vice president and COO, St. Luke's Hospital.

As part of the hospital's strategic plan, the interim manager at CLC focused on four areas of the practice to improve.

**Decision making.** A new governance model was built to ensure that decisions are made with both clinical and financial factors in mind and with stakeholder buy-in. A practice council, which comprises hospital and physician leaders, meets regularly and allows physicians to become co-managers of clinical performance and business activities, such as budget approval. The council also helps oversee scheduling, discipline proceedings, and general operations.

"Prior to the integration agreement, we had become accustomed to making deci-

sions with only physicians around the table, so working with hospital leaders who took our perspective into account was crucial to the ongoing success of the practice,” says Todd Langager, MD, an electrophysiologist and senior physician at CLC.

**Culture.** The CLC team had a lack of organizational transparency and there were unsettling cultural dynamics in the practice. These issues prevented employees from being fully engaged and diminished trust between employees and management. The answer: Multiple teams across the practice were created to work on the shortcomings that were identified through the practice assessment project. This also helped to develop a culture of trust among the management, associates, and physicians through better communication and transparent decision making.

“We institutionalized the understanding that everyone—not just the doctors—can positively impact how the practice performs and is perceived,” says Langager. “For example, one team created a measurement program to improve both patient and employee satisfaction. We’ve now implemented a patient satisfaction survey and developed action plans to improve patient satisfaction. The scores on the Great Place to Work survey for CLC increased, and anecdotal evidence suggests that patient satisfaction scores will be higher the next time around.”

**Communication.** This effort focused on improving communication with referring physicians, patients, and employees from across the practice. To improve physician and patient communications and to be more patient-centric, CLC expanded its hours and added same-day and after-hour appointment times.

“Many specialty practices tend to be physician-focused. By setting up extended

hours and same-day appointment scheduling, it was possible for us to be more patient-centric, which we hadn’t really thought possible, so we hadn’t tried,” says Langager.

Another tactic that was implemented to improve employee communications was the reinstatement of the employee newsletter. It signaled to employees that they were important because the newsletter covered everyone and gave different people in the organization a voice.

**Operational efficiency.** CLC was able to apply the practice management firm’s benchmarking capabilities to track operational efficiency data that are specific to the cardiology industry, such as:

- Patient visits
- Work relative value units
- Diagnostic services
- Days in accounts receivable
- Collection percentage

### **Gaining Perspective**

Another key component of the CLC project was culturally aligning hospital senior leaders and the practice’s physicians so both sides could work toward mutually important goals, such as program development and patient outreach.

“This was a crucial step in enabling physicians to accept some of the operational changes that were required for the integration effort to evolve,” says Langager. “At times, we were concerned that our needs weren’t being heard, or worse, were being ignored. The interim manager helped us communicate more clearly with the hospital’s senior leaders, and vice versa. In some cases, our demands weren’t going to fit into the new paradigm we were operating under. At other times, our demands were met.”

For example, when the hospital wanted to take over CLC’s billing office to improve

efficiency, the physicians explained to hospital leaders that its patients had grown accustomed to the same small team of people who handled billing.

“If billing moved to the Iowa Health System, our patients might not talk to the same person twice,” says Langager. “In the end, we were able to help the hospital see things from our perspective.”

### **Heading in the Right Direction**

With the first phase of the integration effort concluding, St. Luke’s management team and board of directors believe the cardiology practice is heading in the right direction.

“Hospitals and cardiology practices across the nation face an enormous challenge with respect to declining revenues and increasing demands for quality and efficiency,” says Sheehan. “When we addressed our challenges, we didn’t spell out any sort of success formula that related to ROI or revenue generation. We knew that if we got the foundation right, the revenues would take care of themselves. We made decisions that focused on setting the right tone, with the right people, with the right focus, and it has worked.”

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## Changes and Improvements Made at CLC

A physician practice management firm worked with Cardiologists L.C. (CLC) to make several changes and improvements in the following four areas: organizational, patient and physician relations, culture, and operations.

### Organizational Changes

- Completed management team assessment and coordinated restructuring
- Recruited new director of clinical services and new group practice administrator
- Developed and implemented new governance matrix
- Developed and implemented executive committee election/term policy
- Developed and implemented a slowdown policy for practice physicians to support retirement transitions and physician recruitment activities
- Developed a plan and negotiated an agreement with The Finley Hospital for a satellite clinic
- Developed a provider-based billing implementation plan
- Developed a Heart Failure Program that facilitated closer alignment with St. Luke's Hospital
- Developed an agreement for the training of three CLC physicians at the Eastern Iowa Sleep Center
- Developed a strategy to increase vascular business and purchased three PADnet Systems for deployment

### Patient and Physician Relations Improvements

- Formed Patient Access Task Force
- Expanded clinic hours and implemented after-hour appointment times
- Implemented same-day appointment guarantee for referring physicians
- Improved relationships with referring physicians and emergency department physicians
- Increased physician participation in community education and events
- Implemented the patient satisfaction survey with management
- Developed action plans to improve patient satisfaction results

### Cultural Changes

- Implemented monthly clinic newsletter to foster better communication with associates
- Enhanced trust among CLC's senior management, associates, and physicians by improving communication and more transparent decision making
- Created culture that focused on high performance and accountability
- Developed a disruptive conduct policy to enhance staff relations with physicians
- Created a collaborative spirit across the practice
- Introduced the St. Luke's performance assessment and rounding tools to ensure consistency across continuum of care
- Improved the Great Place to Work survey scores and associates' satisfaction scores
- Developed mentor program within CLC

### Operational Improvements

- Developed a comprehensive IT plan to improve clinic function and efficiency
- Implemented midlevel-specific responsibilities with new employment agreement
- Developed and implemented the operating budget for 2011
- Created a set of management reports for the executive committee, managers, and board with industry benchmarks to ensure ongoing progress
- Realigned work practices to help the practice move toward top-tier performance against national benchmarks