

## **Resolving a Pay For Call Dispute** **Transforming Hospital/Physician Relationships**

### **The Presenting Problem**

When a mid-sized community hospital called Pacific Integral, the issue of pay for emergency call had simmered to the boiling point. The attempts to resolve the impasse had been focused on creating a business solution to the financial demands of the physicians and had failed to produce a satisfactory result. Hospital administration and Board were entrenched in the view that (with certain exceptions) physicians were bound by law to provide call – “end of story.” The physicians had lost patience and were demanding a satisfactory response to their demands within six months or they would simply refuse to be on call. Both sides realized that if this happened the community service would be in jeopardy and the hospital could be liable for fines and other sanctions. Of special concern were potential violations of federal regulations governing the transfer of emergency department patients (EMTALA).

Pacific Integral consultants soon discovered that in the background, but not being dealt with directly, were several key issues:

- A lack of clarity on exactly what facts were pertinent to the discussion;
- Widely differing interpretations of the facts’ meaning;
- A history actions on the part of both parties that had reduced trust and a sense of common purpose;
- Lack of collaborative communication skills;
- Differing cultural norms and operating styles of hospital and physician leaders
- An inability to consider creative alternatives and see the bigger picture.

The pay for call issue was clearly not amenable to a simple economic solution or one that would be solved without dealing with all the underlying factors.

Pacific Integral has developed an approach called Initiative Partnering, which combines a variety of leading edge approaches to dealing with complex problems – ones that require dealing skillfully with not only economic and business issues but also intangibles such as leadership and interpersonal dynamics. Within days of the initial contact the Pacific Integral consulting team began to custom design an application of this methodology to assist the leaders of this community to resolve the pay for call crisis.

## **Applying The Initiative Partnering Solution**

**Create Common Ground:** The first step in any Pacific Integral engagement is to make sure that *all parties* share a common understanding of the problem. In this case the team began by interviewing 29 physicians, five Board members and four members of Hospital Administration. The interviews revealed that the administrators and Board members generally were alarmed by the physicians' demands to be paid for what they considered to be traditional responsibilities of medical staff members. They were also concerned about the financial impact that such a program would have on the hospital. The physicians expressed frustration about the number of required days of call and the effects this has on their personal lives. They were aware that other hospitals in the area had begun paying physicians for being on call. In the background was anger about the hospital's purchase of primary care practices and a generalized feeling of not being appreciated.

The team's assessment of the situation based on these interviews was presented to a gathering of Board members, physicians and hospital administrators during two retreats. In the retreats Pacific Integral consultants began a process in which physicians and hospital representatives together developed the communications skills and trust needed to work through the complexities and emotional charge of the pay for call issue. During these retreats the consultants ensured that both parties' needs and concerns were clearly communicated and understood.

**Envision Success and Design a Process for Achieving It:** The next steps in the approach involve creating a shared belief that a solution can be found and then designing a process for reaching an acceptable solution. First, the groups needed to be able to at least **entertain the possibility** that a positive resolution could be reached. Even the most skeptical were invited to consider, if only hypothetically to begin with, that solutions could be created. To do this often required carefully facilitated conversations to lay the past to rest so that future options could be productively explored. By the end of the second retreat there was sufficient alignment on the facts and trust between the parties that a smaller working group was established to create a solution. This team, labeled the Core Group, was made up of two executive staff, four Board members and eight physicians. Pacific Integral consultants provided support for all aspects of the group's work. The Core Group agreed to meet as needed over a three-month period to design a mutually satisfactory solution.

### **Address Critical Issues in a Principled Fashion and in a Larger Context:**

Building upon the foundation of a shared vision and an increased capacity to work together, the consulting team facilitated conversations that went much deeper into the business and operational content of the situation. This required risk taking, particularly for the CEO, who shared financial data about the hospital which to date had been kept in confidence. He also disclosed the terms of the economic agreements made to the "purchased" primary care practices and all the payments made to physicians for medical directorships and administrative positions.

This openness led to an increase in trust and an agreement that more current data were needed. The CEO agreed to collect data on the number of times physicians were called

in to care for uninsured patients. Several physicians began gathering their own practice information on the patients referred by the emergency room.

Using the communication and thinking models Pacific Integral had shared with them, the group began to distinguish between the facts of the situation and their interpretation of those facts. Individual physicians opened up and shared their experiences of how being on call impacted their personal lives. They also expressed their desire to work more effectively with the hospital to reduce costs and build clinical programs. The members of the Board and Administration began to more fully appreciate that physicians were willing to be their partners in the hospital's efforts to reduce costs and develop programs.

Throughout this portion of the project individual leadership from the CEO, physicians and Board members was essential in moving the Core Group process forward. Pacific Integral consultants provided individual coaching to these leaders to assist them in being most effective in the work with each other.

In a matter of weeks the hospital was able to present a plan for a pay for call program. The physicians responded with their own version of such a program. At this point the physician proposal cost over three times more than the Administration proposal and envisioned simply "giving" funds to the medical staff to administer a pay for call program.

The consulting team led the group in creating design principles from which to evaluate the workability of these and other possible options. This process this continued building trust and understanding among the parties by having them examine and share their own feelings and values around the issues involved. Moreover, it took the group to a much higher level of functioning by giving them shared principles upon which to evaluate alternative proposals.

The group aligned on six design principles for the solution:

1. **The principle of shared responsibility:** responsibility for emergency medical care should be shared between the hospital and the physicians.
2. **The principle of community:** The hospital and the physicians need each other to in order to survive professionally.
3. **The principle of fair compensation:** There is a reasonable monetary value for a physician being on call and providing medical care.
4. **The principle of shared leadership:** Physicians are valued partners in helping the hospital make strategic and operational decisions.
5. **The principle of mutual satisfaction:** All members of the Core Group will be aligned with the proposed solution before presenting it to the larger community.
6. **The principle of economic appropriateness:** The criteria for pay for call compensation will be based on a regional analysis of comparable programs in neighboring hospitals.

At one meeting of the Core Group the CEO shared his vision for a new level of physician-hospital collaboration. He stated that sharing the responsibility for emergency call was only one way in which the hospital and physicians could work together. He described scenarios in which the principles for solving the present problem could serve as the matrix for a variety of concrete actions. These ideas included:

- Hospital support for physician's stated clinical/technical needs
- Hospital support in the area of physician recruiting
- Physician/hospital collaboration on cost-savings projects
- The creation of mutually beneficial "Centers of Excellence" in clinical specialties
- Assistance in dealing with uninsured patients
- Assistance in dealing with reimbursement issues.

Within this broader vision the CEO then proposed to fund pay for call at a level at the high end of regional hospital practices. As to the exact form of the plan, whether pay per day or pay per contact, he left that to the Core Group to design within the budget parameters he was proposing. His only requirement was that the Core Group design the parameters for the whole medical community – not have individual arrangements for different specialties.

The Core Group then aligned on a plan which they agreed was a "triple win" -- a win for the physicians, for the hospital and for the community. The final plan fully embodied all six design principles and was funded at a cost substantially below the physicians' initial demands. This plan was then presented to the advisory board, the medical executive committee, the hospital board and at the quarterly medical staff meeting. On every occasion the CEO, the Board president and a Core Group physician jointly made the presentation. Due to the hard work and solidarity of the Core Group, the medical staff and Board quickly adopted the recommendation.

**Design For Sustainability:** When viable solutions have been reached, the next step is to ensure that there are sufficient management and leadership structures to enable the parties to monitor the solution and respond to inevitable change in the business environment. After the adoption of the Core Group's recommended plan, the consulting team met with the Core Group and the hospital Board to create structures for sustaining and building this new relationship between hospital and physicians. The Board formed a standing committee of the Board and the medical staff to monitor pay-for-call and to sponsor hospital/physician efforts around cost reduction and clinical program development. The CEO committed to meet with physician leadership monthly to develop new partnership opportunities. All parties also decided to reinstitute the annual Medical Executive Committee/Board Retreat that had fallen away.

To provide support for the pay-for-call program, the Core Group committed to meet quarterly for a year to monitor progress and make recommendations for any necessary adjustments. The consulting team continues to work with the Board, Core Group and CEO to explore other actions to monitor the solution and further develop hospital-physician partnership for medical and business excellence.

## **Conclusion**

Under stress hospital/physician relationships will eventually do one of two things – disintegrate or evolve to a level that allows for much improved performance. With the help of Pacific Integral consultants and much good will, courage and intelligence, this community medical enterprise evolved to a new level of development which allowed it to deal with a potentially divisive and costly crisis. The leadership of this healthcare community now faces the challenge of maintaining the level of coherence, collaboration and intelligent cooperation achieved in solving the pay for call situation. Throughout this engagement Pacific Integral consultants worked at every step to impart the skills needed for the client to meet this challenge. At the conclusion of the engagement the consulting was confident in the ability of administration, physicians and Board to capitalize on the new level of communication, trust and business partnership which they had worked so hard to develop.