HOW FINANCE AND PHYSICIAN LEADERS CAN WORK TOGETHER FOR ORGANIZATIONAL SUCCESS (Physician Leaders and Finance Leaders: Actually Almost Twins!)

HFMA – ANI / June 2014

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Objectives

• Learn the basic causes for underlying disconnect between CFOs and physician executives.
• Learn ten specific tactics to strengthen the CFO/physician executive relationship.
• Learn tactics to enlist multiple physician leaders in understanding finance and managed care.
• Learn the unique similarities of finance and physician executives that can serve as a foundation for understanding as clinical integration networks are established.
A Look at this Presentation in One Slide

- With clinical integration becoming key to the success of any health care organization, it is critical that physician leaders & finance leaders become much closer working partners.
- Conventional wisdom suggests that physicians & finance professionals have very little in common & the gap between them is wide. We disagree.
- We believe there are many similarities between physicians & finance professionals – & recognizing & capitalizing on these similarities can help both parties become more successful.
- Put simply, we believe that CFOs & CMOs can become the closest working partners around the senior leadership table.
- We suggest that both CFOs and CMOs engage in a number of activities to further grow this closeness.

Causes for underlying disconnect between CFOs & physician executives

Traditional (and very real) –
- “they won’t listen”
- “they are just interested in money”
- “they aren’t aligned”
- “Physicians are naïve, they don’t realize that we cannot provide what we cannot afford”
- “Administration doesn’t care about patients”
- “The CFO only cares about the bottom line”
Causes for underlying disconnect

Traditional (and very real) –
✓ “Name calling” (such as “herding cats” or “bean counters”)

Deeper Causes –
✓ Conflict arises because each group perceives that they are responsible for meeting mutually exclusive objectives.
✓ Consider the framework that divides the behavior paramount in all types of jobs into one of two groups – ‘traders' and 'guardians'.  
  
  Jane Jacobs, *Systems of Survival*
Trader vs. Guardian

• The moral behaviors characteristic in organizations are characterized either by:
  – the **trader** – or
  – the **guardian** (who ensure that policies and procedures are followed and that there is a perception of fairness in the system)

  *Jane Jacobs, Systems of Survival*

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Trader vs. Guardian

• Physicians are taught that dissent is approved of, will not be taken as a personal criticism, and will even be rewarded. This reinforces the independent-equal construct for physicians. Dissent by a physician in an administrative setting, however, is frequently taken personally. *Mattheson & Kissoon, 2006*
• In contrast, an administrator's position within an organizational matrix reinforces the superior-inferior construct. Faced with a decision, an administrator might seek input from a number of parties, including physicians, & then reach a conclusion that meets an organizational need that physicians do not understand as logical & will therefore often discount as unimportant.

• Physicians (traders) typically see the administrators' decisions as ignoring their input.  
  
  *Mattheson & Kissoon, 2006*

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**A Problem?**

• Today CFOs find themselves in more clinical meetings on developing clinical integration networks and are often baffled by “clinical speak.”
• Physicians are also confused by finance (often cash vs. accrual accounting) and conflict occurs.

So - Physicians and Finance Folk
• Oil and water; Republicans and Democrats; Cats and dogs?
But Let’s Not Jump Too Quickly to This Conclusion

- While the two groups may differ, they often agree fundamentally on many things.
  - The trouble is they are often operating off different perceptions.
- “They may be using the same words but speaking different languages.”

Unique similarities of finance and physician executives

- The ability of the two disciplines to work together may actually be better than expected.
Perhaps They Go Together Better than We Think

- Organizations that have the CFO and the CMO working closely together may find the secret to top decile performance.

- Differences between health care administrators and physicians? Yes----
  - team interaction vs solo work
  - group settings vs individual settings
  - delegate frequently vs. individual decisions & no delegation of authority
  - patient focus vs. organization focus

- BUT----------

Look at the Similarities With Finance!

- Precise in their approach to their work
- Quantitative nature of their vocations is the foundation of what they do
- Both are scientists; physicians use biology & chemistry in their work and those in finance use math & accounting
- Both approach problems by testing assumptions & propose solutions based upon logic & measured judgment
- Both use measuring tools & rely heavily upon these
- Both have personal codes of ethics (Hippocratic Oath & AICPA Code of Conduct)
- Both have organizational guides (physicians have evidence-based clinical practice guidelines & standards of care protocols & accounting has GAAP)
CFO and CMO

In reality, the CFO and the CMO might actually form the closest alliance among the senior leadership team.

Perhaps the CFO and the CMO should be the co-lead on clinical integration.

Let's explore some specific suggestions on how the CMO and the CFO can work even more closely and become even more effective leaders in this time of change.

Ten specific tactics to strengthen the CFO/physician executive relationships
Tactic 1

**Go to the doctor’s office**

Get into the territory of the physician where the work takes place. Get comfortable with the patient care setting. Quit meeting every time in an office or a conference room. One CFO set aside a half day each month to spend quality time with some physician. Another CFO frequently spends a half shift every month or so rounding with a hospitalist or donning scrubs and spending a half day in the OR. Some will also visit the offices of their employed physicians once a month.

Tactic 2

**Appoint physicians to the finance committee**

Appoint physicians to the finance committee. The CEO and CFO should work with board leadership to appoint some physicians as permanent members of the Board Finance Committee. Take steps to help physicians enhance their understanding of the broader financial picture of the organization and give them a chance to carry the message back to other physicians.
Tactic 3
Tour the finance shop

Give the CMO and other physician leaders exposure to the operations of the finance shop. For those physicians who show interest, CFOs may want to tour them through the finance department and give them insight to such things as the actual billing process or accounts payable or payroll.

Tactic 4
Monthly Close

Invite the CMO to sit in during a monthly close. CMOs could be invited to occasionally sit in with the CFO during the monthly close to give them the chance to see what it takes to prepare the monthly financials and brings the monthly budget report alive.
Tactic 5

Know how physicians are educated

Seek first to understand.
Ensure that as CFO you have a firm understanding of the educational process of physicians. While this may sound simplistic, many do not fully understand the nature of how physicians are educated. The education of a physician is a long journey and one that takes an enormous amount of time. As such, physicians are typically more proud of their educational underpinnings than those from many other disciplines. A grounded awareness and appreciation of this gives financial managers the chance to bond even closer to their physician counterparts.

Tactic 6

Go to physician CME offerings

Occasionally attend continuing medical education meetings. One CFO remarked, “I actually understood some of the information they were presenting at medical grand rounds. It was quite interesting.” The CMO may want to take the CFO along on some rounds on the nursing units. The ability to gain deeper insight into the patient care process and work flow can serve to build personal ties between the CFO and CMO.
**Tactic 7**

**Take the doctor to Moody’s**

Take the CMO to the bond rating agency meeting. CMOs can actually play a valuable role at the meetings with the bond rating agencies. Having a physician on the team can show a stronger degree of physician alignment. Conversely, it also provides the CMO with greater insight into the rating process and can deepen understanding of the financial aspects of borrowing money.

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**Tactic 8**

**Try working together on a CI project**

With the advent of clinical integration, the CMO and CFO have many opportunities to jointly work together on projects related to CI. Working together on a process improvement project may also be an excellent opportunity.
Tactic 9

Become a familiar face

Become a familiar face with physicians. Physicians do not trust or respect an “office.” Because of this, the CFO should work hard to get physicians to know them instead as a “person.” CFOs should feel comfortable interacting with physicians. Show an interest in what they do or what their particular clinical interests and skills are. Consider asking a physician to explain in lay terms some of the special procedures they do or equipment they use.

Tactic 10

Test drive the EHR

One of the biggest sources of complaints from physicians is the EHR. The CFO – or other finance staff – may want to join some physicians as they actually work the electronic health record. If the organization has a CMIO, the CFO may also want to become closely acquainted with him/her.
Tactics to enlist multiple physician leaders in understanding finance & managed care

- Physicians and finance staff - together

A Brief Look From a Physician’s Perspective

- Physicians
Thoughts On Physicians

➢ Keep in mind – If you have seen one physician, you have seen one physician

✓ There is a tendency to stereotype physicians – and they are not all the same

➢ Reality check – you likely will spend more time with hospital based physicians than office based (primary care) and this can color your viewpoint.

➢ Caution – if you have hospital-based physician coverage contracts and as CFO, you lead the negotiations, this could work against you.
Thoughts On Physicians

- They won’t listen!

- Reality: they are excellent listeners

Clinical integration is .................... an active and ongoing program to **evaluate and modify practice patterns** of the network’s physician participants and to **create a high degree of interdependence and cooperation** among the physicians to **control costs** and **ensure quality**.
Clinical integration is ..................

controlling costs and ensuring quality

There is your marriage!

Your job in finance?

➢ Help them understand –

☑ physician-directed "pay-for-performance"
☑ other contractual arrangements with health plans
☑ The role they will play in the organization
☑ Welcome them as a partner
☑ Understand the value they bring when they focus on healthcare quality
Physicians partner together in an organization that enables them to:

- Identify & adopt clinical protocols.
- Develop systems to monitor compliance with the adopted protocols.
- Collaborate with the hospital to encourage compliance with inpatient performance improvement processes & protocols.
- Enter into physician-directed "pay-for-performance" & other contractual arrangements with health plans in a way that financially recognizes the physicians’ efforts to improve healthcare quality & efficiency.

Benefits of Clinical Integration

- A patient’s status is tracked from setting to setting with no gaps in continuity of care.
- Duplication eliminated for both clinical & administrative work.
- Hospitals & physicians share the cost of IT & systems fully interface among all settings.
- Physicians & hospitals benefit from joint contracting.
- Every provider has a complete—and identical—record for each patient.
Benefits of Clinical Integration

- Medication errors or other mistakes are reduced.
- Best practices can be developed to improve care outcomes.
- Hospitals can be confident that their strategic goals are aligned with all their physicians, whether employed or independent.
- Competition between hospitals & physician-owned specialty facilities is eased.
- Employers & insurers get a more efficient health system for their money and one that delivers the highest quality of care possible.

Concluding Thoughts

- CFO and the CMO working closely together - an excellent combination
- Differences between the two? Not as great as believed
- Future needs – get more physicians (full and part time) developed as leaders
References

• Dye, Carson F. & Sokolov, Jacque, Developing Physician Leaders for Successful Clinical Integration, Health Administration Press, 2013
• Jacobs, Jane, Systems of Survival, Vintage, 1994