Careers

The New Key Role in Hospital Leadership—VPPS

By Phyllis Floyd, MD, SPHR

In this article...

Integrated hospitals and health systems may benefit from hiring a vice president of physician services to acclimate new physicians being employed by the organization.

For health care strategists there is at least one certainty about our rapidly changing health care environment: Hospitals and health systems need to collaborate with their physicians. While this collaboration can take many forms, certainly employment by the health system is becoming one of the critical tools in developing the collaborative care enterprise.

The transition from a purely independent medical staff to a model in which a system employs physicians is not one to be taken lightly. The costs of employment are large. The benefits of having a group of doctors who are simply “contract laborers” are small—while the benefits of a group of doctors who are active and enthusiastic partners in developing and furthering the goals of the enterprise are immeasurable.

That said, far too often organizations create a model that fails to meet the needs of the physicians and fails to create value for the health system. That failure begins in the recruitment process, and then continues with a lack of attention to the challenges of retaining and developing physician talent.

Because hiring physicians is a high-cost endeavor, the management of an effective recruitment and retention program is a key organizational competency for any physician organization. However, many hospital administrators and hospital human resources departments have limited background and managerial experience to successfully implement the complex processes required for a successful physician employment strategy. Leading health systems have met the challenge of facilitating physician hiring and managing the transition to employment by developing a new role: the vice president of physician services (VPPS).

The VPPS is a physician administrator who is the expert on the HR processes for the organization. The VPPS leads the HR processes for the employed physicians: recruiting, contracting, compensation design, on-boarding, orientation, development, and managing evaluation. This expertise significantly improves physician retention and the overall success of the employed physicians.

Human resource competencies commonly found in a health care organization for the nonphysician employees include staff recruiting and compensation administration, new employee orientation, evaluation systems, and organizational development capabilities to name a few.

Physicians have a more complicated contractual relationship with their hospital or system employer and are also the only employee group that separately bills for their individual services. Because of this, hospital systems need expertise in the HR areas for this special group of employees not unlike the expertise needed for their executive team.

A physician with HR training and expertise is an invaluable member of the medical leadership team as a hospital system starts or expands an employed medical corps.

Here are some examples of physician employment processes that are enhanced with an HR-trained physician leader:

Recruiting

Recruiting physicians, especially subspecialists or other difficult-to-recruit specialists, must be done on a national level. Physician recruiting requires sourcing in appropriate professional journals and websites in addition to local and regional networking.

An excellent physician candidate needs to have a superb interview experience with future colleagues and members of the medical group leadership team to understand the role as well as the culture of the organization. The entire physician recruiting process must be efficient and timely as highly qualified physician candidates frequently have multiple opportunities.
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<table>
<thead>
<tr>
<th>Status</th>
<th>Recruiting Metrics</th>
<th>Process Owner</th>
<th>Baseline</th>
<th>Goal</th>
<th>Result</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>National Benchmark</th>
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</thead>
<tbody>
<tr>
<td>Process</td>
<td>MSF physicians — average time from administrative committee to contract sent</td>
<td>Dr. VP</td>
<td>4.6 m</td>
<td>21 days</td>
<td>25d</td>
<td>_d</td>
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<td>N/A</td>
<td>N/A Internal</td>
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<td>Outcome</td>
<td>All candidates interview process evaluation by candidates — average scores &gt; 4.5 of 5</td>
<td>Recruiter</td>
<td>4</td>
<td>4.5</td>
<td>4.6</td>
<td></td>
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<td></td>
<td>N/A Internal</td>
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<tr>
<td>Outcome</td>
<td>MSF candidates interviewers' evaluations of candidates — average scores &gt; 4.0 of 5</td>
<td>Recruiter</td>
<td>N/A new</td>
<td>4.5</td>
<td>4.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A Internal</td>
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<tr>
<td>Outcome</td>
<td>All opportunities cost to fill open positions (direct recruitment costs only; no staff costs)</td>
<td>Recruiter</td>
<td>$15.7K</td>
<td>$12K</td>
<td>31K</td>
<td></td>
<td></td>
<td></td>
<td>$25K (average)</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>All candidates — percentage of candidates interviewed who signed or received offer</td>
<td>Recruiter</td>
<td>N/A new</td>
<td>0.7</td>
<td>89%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A Internal</td>
</tr>
<tr>
<td>Outcome</td>
<td>MSF, medical education, and anesthesia physicians — percentage turnover 2012 YTD among physicians working 16 hours or more/week</td>
<td>Dr. VP</td>
<td>0.086</td>
<td>0.077</td>
<td>4.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.1% (AMGA)</td>
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A physician leader that is the process owner for recruiting physicians for the medical group can answer the complex and numerous questions candidates pose and demonstrate to the candidates that physician leaders are integral to the success of the hospital.

Many hospitals that are in their infancy use national recruiting firms to find candidates. While even mature groups may occasionally use a national firm, the team of a VPPS leading one or two seasoned physician recruiters will be able to create long-lasting networking opportunities that a national recruiter cannot, as well as avoiding the steep costs of the national firms. (These cost savings can mitigate some of the additional costs of having a physician lead the HR processes.)

Recruiting physicians is a complex process involving the future physician’s partners and colleagues, administrative leaders, and staff. The VPPS will drive the continuous improvements for this process by monitoring key recruitment process and outcomes measures using a physician recruiting scorecard (Figure 1).

### Compensation

As one of the top three areas that determines a physician’s satisfaction with his employment, it is critical for a system to have a fair and equitable (in the eyes of the physician) compensation plan that is administered in a reliable and timely manner.

Physician leadership in this area can help a system develop a compensation plan tailored to the unique aspects of the system, local market, and physician culture. The VPPS is an ideal choice for chairing the compensation committee.

In this critical role, he can ensure that the system develops a consistent compensation philosophy and creates a market-based compensation plan that is reviewed and updated regularly.

Physician compensation in a not-for-profit health system has compliance risk, and an HR physician leader can educate physician colleagues on compensation rules and represent institution authority in ensuring physician compliance.

### Employment contracting

Unlike the “at will” relationship between the staff and the health care organization, physician employees generally have individual employment contracts. The physician employment contract is traditionally developed by the legal department of the organization, but the key to success is having a physician leader who understands the details of the contracts and functions as the primary negotiator with physician candidates.

As a medical group matures and contracts become more consistent, the role of the physician leader changes from one of negotiator to that of educator for the candidates regarding the medical group’s processes, policies, and expectations for employment.

### On-boarding and orientation

Once the contract is signed, the work begins. From contract signing until start date, the organization must help the physician obtain hospital credentials, obtain a state license if not already possessing one, enroll the physician with the payers, arrange for malpractice insurance, obtain the HR paperwork to register the physician in the payroll system, develop a marketing plan as well as set up the operations of the office and inpatient practice.
The average checklist for just the operational set-up is 90 to 120 tasks for each physician. This is no easy feat, and having a physician lead the team and periodically interface with the new recruit will keep this process focused on the important tasks and as efficient as possible.

The typical hospital or medical system orientation has few topics of interest to the physician employee. Critical to a new physician’s early success is understanding the system’s strategy and current major projects as well as information on key physician policies, details of malpractice and liability insurance, and compliance expectations.

All of these topics should be part of a physician orientation process. Orientation of a new physician usually requires a multipronged approach—first meeting the immediate needs of the new physician (practice nuts and bolts, IT system training, patient flow, for example) and then a more formal learning session.

The HR physician leader can coordinate key system and medical leaders to educate the new physicians on pertinent topics as part of the more formal new physician orientation.

The topics and information presented are a key component of the new physician’s successful entry into the medical group and its culture. The HR physician leader is in the best position to ensure the relevance of the program for new physicians and function as the primary resource for the new physician joining the medical group.

In addition to the more formal orientation for all physicians, the HR physician leader is the ideal person to interview each new physician at the 90-day check-in. At this session, the quality of the physician’s on-boarding process can be assessed so any deficiencies can be rapidly improved and those who helped with the transition can be identified so those staff and physicians can be recognized.1

### Evaluation systems

Although physicians in training receive regular feedback after each rotation, physicians in practice generally do not have their performance reviewed. In a medical group, it is important for each physician to have a regular performance review (formal coaching session), usually on an annual basis.

This should be looked at as an opportunity to have each physician review his own performance metrics in areas of clinical care, patient satisfaction, financial performance, patient access, and team skills, and then commit to improvement opportunities for the next year. The purpose of these review sessions should be educational and not punitive to help the physician succeed in all of the key dimensions of physician performance.

### Characteristics

The position of the VPPS can be filled by a physician of any specialty, but the crucial characteristic is an interest in the human resources functions and processes of medical group development. Attention to detail, timely followup, and good communication skills are needed to build trust with the physicians and potential candidates.

Although this physician role is an important part of the leadership team, it is not the position of the executive medical director (EMD). The EMD is the strategist working with the governing body and interacting with the larger health system (corporate); the VPPS is tactical—deploying and improving processes to achieve the strategy—and typically reports to the EMD.

Why would a health system recruit a physician into this role? The current market compensation for a medical director (who is...
not a specialty-specific service line leader) ranges between $250,000 and $325,000, which is considerably more than a nonphysician VP or director of HR, who is typically in this role.

However, the value proposition comes from the quality this physician leader can bring to the physician employment processes evidenced by success in physician recruiting, retention, and satisfaction.

Physician turnover is estimated to cost $250,000 for one family medicine physician so improved retention of even a small percentage is a return on the investment for this human resource expert.

Probably the most compelling reason to add this position to the leadership team is the credibility it brings that the system believes in physician leadership to both the physician candidates being recruited by the group and those who are already members. An experienced clinician who has been “in the trenches” relates to other physicians in a different manner than a nonphysician leader.

Education

Where does a physician get expertise in the area of human resources? The Human Resource Certification Institute (HRCI) has two certification levels for those in the HR field—the senior professional of human resources (SPHR) and the professional of human resources (PHR).

Both require the candidate to be working in the HR field when applying to take the test, which is confirmed by review of the job description by HRCI. There are numerous resources for physician leaders to learn the information by taking HR courses online, on any university campus or by using study guides from the Society for Human Resource Management (SHRM).

Encouraging this certification by one of your emerging physician leaders will be invaluable if your hospital system is moving to a physician employment model or you are taking your organization to a new level of engagement. Establishing the infrastructure in the key physician employment processes of recruiting, contracting, compensation and practice set-up will lead to success in recruiting and high retention of your most valuable resource—the engaged and satisfied employed physician.

These engaged physicians and the management team can then concentrate on the health care value equation, working together to improve the quality and cost effectiveness of care for their patients.

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References