

Title: Physician executives in the 21st century: New realities, roles, and responsibilities. (cover story)

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Abstract: Presents an outlook on the broadening of the scope of responsibilities and activities of physician executives in the United States. Interactive discussion on trends at the American College of Physician Executives' 1999 Spring Institute and Senior Executive Focus; Demographic shifts in the clinical workforce; Role of technology in reshaping the health care environment.

PHYSICIAN EXECUTIVE; SEPTEMBER-OCTOBER 1999

Section: The Evolving Role of the Physician Executive

PHYSICIAN EXECUTIVES IN THE 21ST CENTURY: NEW REALITIES, ROLES, AND RESPONSIBILITIES

This article is based in part on responses from 150 physician executives who participated in an interactive discussion of future trends at the American College of Physician Executives' 1999 Spring Institute and Senior Executive Focus, in Las Vegas, Nevada, on May 13, 1999. The session included electronic polling on 40 predictions, such as the future composition of the clinical workforce and how technology will affect the way that medicine is practiced and the patient-physician relationship. The prediction for physician executives? A growing number of physician executives will find themselves at the top of their careers in the next decade. The physician executive of the future will have a broad array of management opportunities and career choices. More doctors will be managers. Physician executives will work at every level of health care organizations, across the continuum of care, from large complex urban systems to small rural settings.

As physician groups [and hospitals] merge into even larger entities, the opportunity for a new type of physician executive is likely to emerge--one who is sought after for his or her leadership and organizational abilities first and clinical experience second. --George F. Longshore, Top Docs: Managing the Search for Physician Leaders[1]

A growing number of physician executives will find themselves at the top of their careers in the next decade. What will they do when they get there? The physician executive of the future will have a broad array of management opportunities and career choices. More doctors will be managers in the future. As many as 25 percent of America's 620,000 practicing physicians may be holding at least part-time, paid administrative positions in the next ten years, providing leadership for a wide array of management and clinical

processes. Physician executives will work at every level of health care organizations, across the continuum of care, from large complex urban systems to small rural settings.

Assumptions about the future are changing

Today's assumptions about the health care environment can be expected to shift rapidly, and some will change radically in the coming millennium. The clinical workforce may experience one of the biggest demographic shifts (please see Table 1). A new set of market conditions will shape the management challenges that physician executives will face in the 21st century:[2]

- Aging of America as the Baby Boom reaches senior status
- New clinical technology, for example, genetic therapy and stem cell transplants
- Consolidation of health care organizations into dominant regional integrated systems
- Massive market clout of national managed care plans
- Labor shortages of nurses and other key caregivers
- Restrictive federal payments as Medicare becomes the number one government program
- "Report cards" on the performance of physicians, hospitals, and health plans
- Internet-informed consumers armed with the latest medical literature
- Computer-assisted care coordination and disease management systems
- Telemedicine and the Internet transform health care into a 24-hour, global enterprise
- Disgruntled physicians in unions and large economic organizations
- Entrepreneurial competition from clinical "niche" players backed by Wall Street
- Constant financial pressures to keep health costs down
- Tough ethical choices at the intersection of aging, technology, and economics

Technology will reshape the health care environment

Technology will fundamentally alter how health care is organized and delivered (please see Table 2). Personal computers are likely to be as prevalent for physicians as stethoscopes. Physicians and care managers will plan and monitor patient care, utilizing rich data warehouses of patient outcomes and treatment costs. Vast libraries of medical

research will be accessible to providers and patients, with searches taking seconds. Provider skills can be updated as fast as the knowledge base expands. The Internet and telecommunications will provide new media for continuing education and management training. Companies like WebMD will link physicians into global networks for disseminating research findings and conducting Internet grand rounds. "Virtual patients" will receive telemedicine in home settings and remote locations. Many patients will carry their medical history with them on "smart cards."

The business of medicine will be reshaped by technology. Clinicians and IT (information technology) professionals will work together frequently and collaboratively. All claims processing and payment will be online. Verifying insurance eligibility will be instantaneous. High-performance work teams will collaborate in cyberspace across regions served by large health care enterprises. E-work can be done on- or off-line, 24-hours a day, seven days a week, across time zones and spanning all geographic boundaries. Net-enabled processes, such as rapid-turnaround lab results, have the potential to take costs permanently out of clinical practices, which can boost productivity and allow doctors to spend more time with patients. But will they? More time with patients may not occur if fee-for-service physicians choose to use their improved productivity to see more patients and make more money.

New careers, roles, and responsibilities

Don't get comfortable with your job description. Tomorrow's physician executives will take on expanding sets of career opportunities and leadership roles, including:

- Chief executive officer--Large hospitals and health systems are searching for high-trust physician executives with business skills and demonstrated leadership abilities. What is needed are physician executives who can reunite warring medical groups and shift their organizations back to a patient care and quality emphasis. Stakes will be high, but so will compensation. These high-visibility physician CEOs will walk a tightrope between the patients' first demands of their professional colleagues and board requirements for economic performance. Those who can get the mix right will be among the vanguard of health care CEOs in the next decade.
- Chief operations officer--Moving into the COO role is a major expansion of responsibility for many chief medical officers. The COO will drive the organization's core business--patient care--but will also oversee many other clinical and administrative support functions. Business skills are important, but people skills may be even more critical. Achieving financial and clinical service goals will rely on motivating and coaching others, in what will seem to be endless meetings. Not all physician executives may have the patience--or personal leadership skills--to be effective COOs. A critical challenge will be developing a close working relationship with nursing executives who directly manage patient care services. Nursing may resent not having an RN in the chief operating officer position.

- Chief medical officer--The CMO is a diplomat, first and foremost, providing liaison and representation between the provider organization and the community's physicians and medical groups. Serving as a "minister without portfolio"--with no operational responsibilities--may be one of the toughest assignments for any physician executive. Trust is the essential requirement for this job. The CMO will be engaged in endless negotiations over some of the most sensitive issues that could divide hospitals and their physicians. CMO job descriptions will be broad and vague, at least in the near future. The emphasis on diplomacy may shift in the coming decade to include more operational roles, such as managing a medical division or taking on the oversight of quality.

- Chief technology officer--This "senior scientist" position will be based in large health systems, academic medical centers, pharmaceutical manufacturers, and other health industry suppliers. CTOs will have a research background and may manage research institutes. Their primary role will be to scan the technology horizon for promising R & D that could enhance their organization's clinical services or provide an opportunity for product development.

- Vice president for quality--Physician--managed quality programs are the province of these vice presidents for quality oversight. A strong research orientation and analytic skills are prerequisites for this position. Some VPs for quality will be epidemiologists. In their role as quality managers, these physician executives will report regularly to the senior management team and the board on clinical performance. They will lead quality improvement and clinical pathway initiatives, and conduct studies of their organization's outcome and cost data.

- Managed care medical director--Providing medical leadership for managed care organizations is already a widely established position. The number of these medical managed care executives is likely to expand further, as almost 30 percent of the U.S. population is enrolled in an HMO. Managed care medical directors will work on the plan side for HMOs, insurance companies, preferred provider organizations, as well as on the provider side for provider-sponsored managed care organizations. The role of managed care medical directors is changing. Their primary role as utilization manager will be broadened to include more analysis of variations in medical care and outcomes within their enrolled populations, applying sophisticated techniques of data analysis to "mine" their data warehouses for opportunities for quality and cost improvement.

- Medical division vice president/MSO executive--Physician executives will manage the growing number of provider-owned physician practices among the nation's 20,000 medical groups. More than 60 percent of U.S. hospitals and health systems have acquired physician practices, and have created medical divisions or MSOs (management service organizations) to provide practice management services. Heading a provider-sponsored medical division or MSO will be a challenge. Many hospitals and health systems have lost \$50,000-\$100,000 per doctor in annual subsidies, and are restructuring the practices to improve productivity and reduce expenses.[3] In many markets, the acquired physicians have really not been consolidated into an integrated group practice. The recent market collapse of Wall Street-backed MSOs like MedPartners and FPA is likely to drive

many of their acquired physicians back into MSO arrangements with local hospitals and health systems. This is an expanding field that will reward physician executives who can successfully generate a bottom-line from these medical groups.

- Service-line manager--Today's clinical program medical directors will be the service-line managers of tomorrow. These physician executives will combine clinical expertise with marketing and business management skills. Niche players in health care like MedCath and HealthSouth are driving adoption of service-line management by many hospitals, health systems, and large medical groups. The most popular specialty niches are cardiovascular, oncology, and women's health, but many other clinical services lend themselves to a service-line management approach.

Managing medicine will put physician executives in the middle

As more physicians become involved in administrative roles, the business of medicine will pose professional challenges. Physician executives will find themselves at the center of controversies about ethical and economic choices. Some choices will involve competing investments, for example, putting capital into marketing campaigns versus acquiring new clinical technologies. Life-extending genetic therapies may pose difficult dilemmas for physicians treating older patients. At what age should older patients be considered suitable for investments in costly treatments.

More physician executives are likely to be involved in risk-assuming arrangements with managed care plans. This will create complex dilemmas, where controlling utilization and costs may compete with the physician's professional duty to put patients first. These millennium challenges will come with the rapidly expanding management opportunities to tomorrow's physician executives.

KEY CONCEPTS

- New Roles for Physician Executives
- Medical Management Opportunities
- Career Choices
- New Set of Market Conditions
- Technology Reshaping Health Care Delivery

INTERACTIVE DISCUSSION OF FUTURE TRENDS

This article is based in part on responses from 150 physician executives who participated in an interactive discussion of future trends at the American College of Physician Executives' Spring Institute and Senior Executive Focus, in Las Vegas, Nevada, on May 13, 1999. The session included electronic polling on 40 predictions that were analyzed by

Quick Tally, a decision-support system that can assist groups of up to 5,000 participants to rate issues and rank choices. Tabulations are instantaneous and responses can be analyzed by subgroups. Used frequently by the entertainment industry to rate commercials and movies, as well as for market research, the system generates computer printouts and an ASCII file for statistical analysis. Further information can be obtained by calling 323/653-5303 or via email at sales@qtis.com

RESOURCES CONTINUED ...

The Physician-Manager Alliance: Building the Healthy Health Care Organization

by Stephen M. Davidson, Marion McCollum, Janelle N. Heineke, McCollom, Marion McCollom, Jossey-Bass Publishers, 1996

Rethinking Health Care: Innovation and Change in America

by Max Heirich, Westview Press, 1998

Thriving in an Age of Change: Practical Strategies for Health Care Leaders

by Donald N. Lombardi, Health Administration Press, 1996

--Wesley Curry

TABLE 1 THE FUTURE CLINICAL WORKFORCE

WORKFORCE DEMOGRAPHICS	% IN THE FUTURE
U.S. trained male physicians	46%
U.S. trained female physicians	25%
Foreign medical graduates	1%
Physician extenders	26%
Others	3%

--"Future of Health Care Delivery." Quick Talley electronic poll. American College of Physician Executives, 1999 Spring Institute.

Las Vegas, Nevada, May 13, 1999

TABLE 2 THE FUTURE OF TECHNOLOGY

Legend for Chart:

- A - TECHNOLOGY PREDICTION
- B - TRUE %
- C - FALSE %
- D - NOT SURE %

A

B

C

D

* Personal computers are as prevalent for physicians as stethoscopes	94%	6%	0%
* Clinicians and IT professionals are intimately linked	62%	30%	8%
* All patients will carry their medical history around with them on Smart Cards	47%	42%	11%
* Telemedicine will reach a point when the physician and the patient do not have to be in the same physical space	58%	33%	9%
* Artificial/synthetic replacement body parts will be as commonplace as contact lenses	35%	52%	13%

--"Future of Health Care Delivery." Quick Tally electronic poll. American College of Physician Executives, 1999 Spring Institute. Las Vegas, Nevada, May 13, 1999

References

1. Longshore, G.F. Top docs: managing the search for physician leaders. Tampa, Florida: American College of Physician Executives, 1992, p. 87.
2. Coile, Jr., R.C. Beyond managed care: challenges for physician executives in the millennium marketplace. *The Physician Executive*. 25(1):8-13, Jan., 1999.
- 3 Coile, Jr., R.C. and Kaufman, N. Unpublished national survey on hospital-acquired physicians, based on survey responses from 140 hospitals and health systems. Superior Consultant, Southfield, Michigan, 1999.

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