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At the Heart of the Game: Leadership and Governance for a Market Advantage

By Ross Swanson

The cardiovascular market is, and has been for decades, in a constant state of flux. Rapidly-changing practice patterns and technology, the escalating needs of an aging population, and an unmet demand for cardiovascular specialists all dictate the need for sound visionary leadership from both the management and medical staff vantage points.

Now more than ever, collaboration and joint governance between the hospital and its doctors yield powerful benefits in advancing cardiovascular program development. Medical leadership within a cardiovascular program is critical as physicians battle over the vascular service line, interventional space, and other shared turfs; feel the pinch of declining payments and budgets; and struggle to recruit needed human resources.

In many markets, cardiologists are merging practices and forming larger groups, many becoming 'corporatized' to address the challenges of referral loyalty and contract negotiations, and to increase bargaining power within their hospital relationships. The years-ago emergence of an array of joint ventures, including freestanding heart hospitals, emphasizes the need for a trusted partnership and shared governance to create the 'win-win-win' for the cardiovascular program, the hospital, and the key physician stakeholders. This has been further escalated given the emergence of more ambulatory treatments for CV disease and more complex interventions being performed in different settings of care up to and including the ambulatory surgery center (ASC). These outpatient models are providing further vehicles for hospital-physician alignment particularly with the more common physician ownership structures in this space.

Program Leadership

How do we define program leadership? Most hospital leaders know when they don't have it, but can't always articulate the elements of leadership that will make the difference. What are the leadership qualities and governance structures that differentiate top-performing programs?

First, hospital administration must focus on the high-powered nature of the CV service line and account for its performance. This is typically evident in the organizational structure, reporting channels, and scope of authority conferred to the program leaders. If buried within the organization or system, those leaders will clearly lack autonomy and decision-making authority. And if reporting and communication routes are convoluted or fragmented, chances are that information-sharing and decision-making are slowed and cumbersome. Beyond this, if the program lacks an advocate at the senior executive level, the ability to negotiate for resources and organizational endorsement is greatly compromised. In short, **leadership must be conferred and endorsed at the executive level.**

An enthusiastic and *dedicated* program champion, positioned at the executive level and empowered to lead and advance the program, is a vital asset. A capable administrator plays the lead role in daily operations and market management of the program. This, combined with committed medical staff leadership, furnishes any program with a formidable competitive advantage, based on this aspect alone.

Dr. Grant Parr, former Vice Chair of the Department of Cardiovascular Medicine at Morristown Memorial Hospital in northern New Jersey, and current Physician-in-Chief at Atlantic Health, also in New Jersey, believes empowered leadership is key. He offers, "Authority must be commensurate with responsibility and, preferably, the administrative and physician leaders of a cardiovascular program should have a lot of both—that is, if the organization wants strong and effective leadership."

Physician Leadership of the Program

Second, the cardiovascular program's *administrative* focus must be aligned with respected and committed *physician* leadership. The appointment of a Medical Director for the program will clearly underscore the importance of the program, gain whole-house physician support, and assure alignment with medical staff interests. This individual should represent the global interests of the CV program and be seen as an advocate for all physician concerns.

We share the opinion of Bill Thompson, an attorney with Hall, Render, et.al., based in Indianapolis, Indiana, who brings extensive experience in the design of governance structures for new ventures in cardiovascular services. Mr. Thompson notes that "leaders of cardiovascular service lines need to be 'bureaucracy-busters,' able to strike a balance between the bureaucracy inherent in institutional settings like hospitals and the need to anticipate and quickly respond to the dynamic nature of market changes."

The Medical Director selection process should be approached very carefully. Based on our experiences, we suggest that you avoid appointing a physician champion with overriding personal agendas, a cavalier commitment to the role, or behaviors that alienate others or impede collaborative problem-solving. Instead, the program's Medical Director must be able to unify physician interests, assure open communication on program issues, build trust between the hospital and medical staff stakeholders, and communicate a long-term commitment to program success.

Corazon recommends clearly and completely defining a position with all duties and responsibilities to best encourage a comprehensive commitment of a physician champion. For a greater chance of success, a Medical Director should be Board-certified and an expert in the field; sometimes, this means recruiting expertise that the organization lacks. Compensation for this role varies according to the program size, market conditions, and required time commitment.

We have known successful CV program Medical Directors from several disciplines, including cardiology, electrophysiology, CT surgery, and coronary intervention. A Medical Director's success is highly-dependent on that physician's leadership skills and working relationship with the Program Administrator, and also on the commitment, empowerment, and support of the organization.

In the words of Fred DeGrandis, former President of St. John West Shore Hospital located in the suburbs of Cleveland, who led a strategic planning process to develop their CV program from start-up to the next level, "I strongly encourage hospital leaders to work with the medical staff so that the distinct roles of the elected department chairs and the appointed Medical Director of the CV program are *clear.*" This is also vital to keeping the medical staff engaged, supportive, and committed to the success of the cardiovascular service line at NorthCoast Healthcare Services, LLC, where he currently serves as CEO.

Although selection of a single program Medical Director is preferable to avert confusion and communication gaps, this role can be shared as a co-directorship between two solid physician champions in cardiology and cardiovascular surgery. This co-director model requires a high level of trust, communication, and collaboration between the two physicians in order to unify the program's constituents around central goals.

Medical Director appointments are also suggested for key clinical areas (patient care units, operating rooms, cath lab suites) and disciplines (interventional cardiology, echocardiography, cardiac wellness, vascular services, cardiac anesthesia), and the job qualifications for each vary by specialty. Again, clearly defining all roles and duties in a job description and holding the individual accountable for performance is essential for the role and results to be meaningful. And, these positions need to be compensated and recognized—not rotated at random—if they are to make a valuable contribution to the program's progress, growth, or overall success.

Medical Director Responsibilities

- Providing direction and leadership in the planning, development, and implementation of the department, while keeping within the mission and vision of the hospital and its subsidiaries, and also with the overall goals and objectives of the program.
- Showing commitment to the development and growth of a high quality, market competitive program that is designed to benefit the community.
- Supporting and collaborating with all other medical staff to promote 'best practice' care delivery.
- Assisting with the design, evaluation, and planning of facilities, equipment, supplies, and new products and services intended for cardiac patients.
- Assisting with the needs assessment, recruitment, and selection of personnel and/or contracted specialty and medical services to assure quality, cost-effective care for the patient from pre-admission to discharge.
- Contributing clinical knowledge, insight, and leadership in the development of marketing and business plans for the program.

In addition, an active partnership created between a dedicated administrator and a committed Medical Director allows for diligent day-to-day management of program affairs, with regular input and clinical direction from a practicing physician on key issues or developments. A practicing physician often lacks the time to fully devote to the administrative process, but can offer current clinical knowledge and greater credibility among the medical staff constituents when related to clinical or operational topics. Balancing the management and Medical Director roles to optimize each contribution will provide the greatest return on the leadership investment.

Creating a Department of CV Medicine

The medical leadership for the program must be aligned with the hospital's medical staff structure and reporting channels as well as a third component of this model. The physician champion of the program, service line, heart institute, or heart center should have leadership standing within the medical staff department or division, as well as a seat at the medical executive committee table. A growing industry trend toward establishing a Department of Cardiovascular Medicine integrates all cardiovascular disciplines within one medical staff department that, in turn, aligns with the service line itself.

The distinct benefits of an integrated department structure were witnessed early in this trend at Corazon client Morristown Memorial Hospital, a "Top 100" and highly-respected CV program. The development of the hospital's Department of Cardiovascular Medicine was spearheaded by Dr. John Banas, a well-regarded cardiologist and department chairman, and Dr. Grant Parr, an accomplished CT surgeon, also well-known to the market.

These visionaries committed themselves to merging the common interests of the cardiology and cardiothoracic disciplines as part of the establishment of open heart surgery services at Morristown way back in in 1988. The proof is in the numbers—even today, decades later, this program continues to report outstanding clinical outcomes, along with operational and financial success, in part due to the formation of this integrated department years ago that has kept the foundational elements of collaboration and communication at the forefront of the program.

As Dr. Parr recalls, "The CV surgeons' interests became aligned with the cardiologists' and the results are better than I could have dreamed. Most of the over 100 cardiologists on staff then had become involved, and all five surgeons did as well. Although various cardiologists compete with each other, and in some areas compete with the hospital, they still *worked* ***with*** the hospital, surgeons, and our administrator to make good things happen for our patients in the community."

Advisory Board Governance

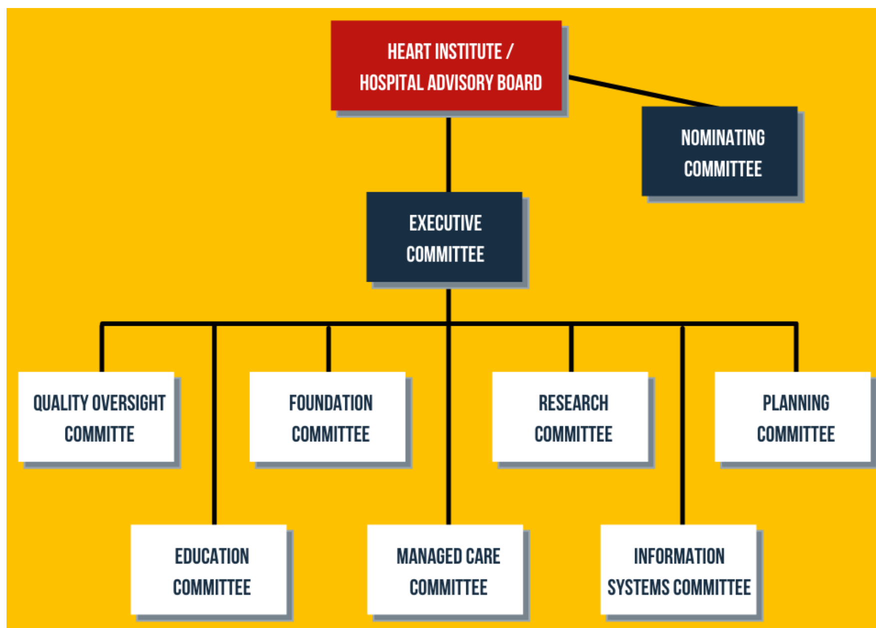
Beyond the departmental structure, governance must be recognized through a collaborative organizational structure that integrates hospital and physician interests and communication. Many clients have employed an Advisory Board Model wherein the program's medical leadership (and/or department) *and* the hospital's executive leadership are charged with overseeing program performance and strategically directing ongoing development.

The membership of this group is typically composed of the Medical Directors, cardiology and surgery administrative leadership, the Program Administrator, representatives of the hospital's executive team, and select Board or community representatives. Participation also generally includes two or three practicing cardiologists, a cardiac anesthesiologist, and sometimes an at-large PCP or vascular specialist. Program leadership is accountable to this Advisory Board, which in turn should be accountable to the hospital Board (Figure 1).

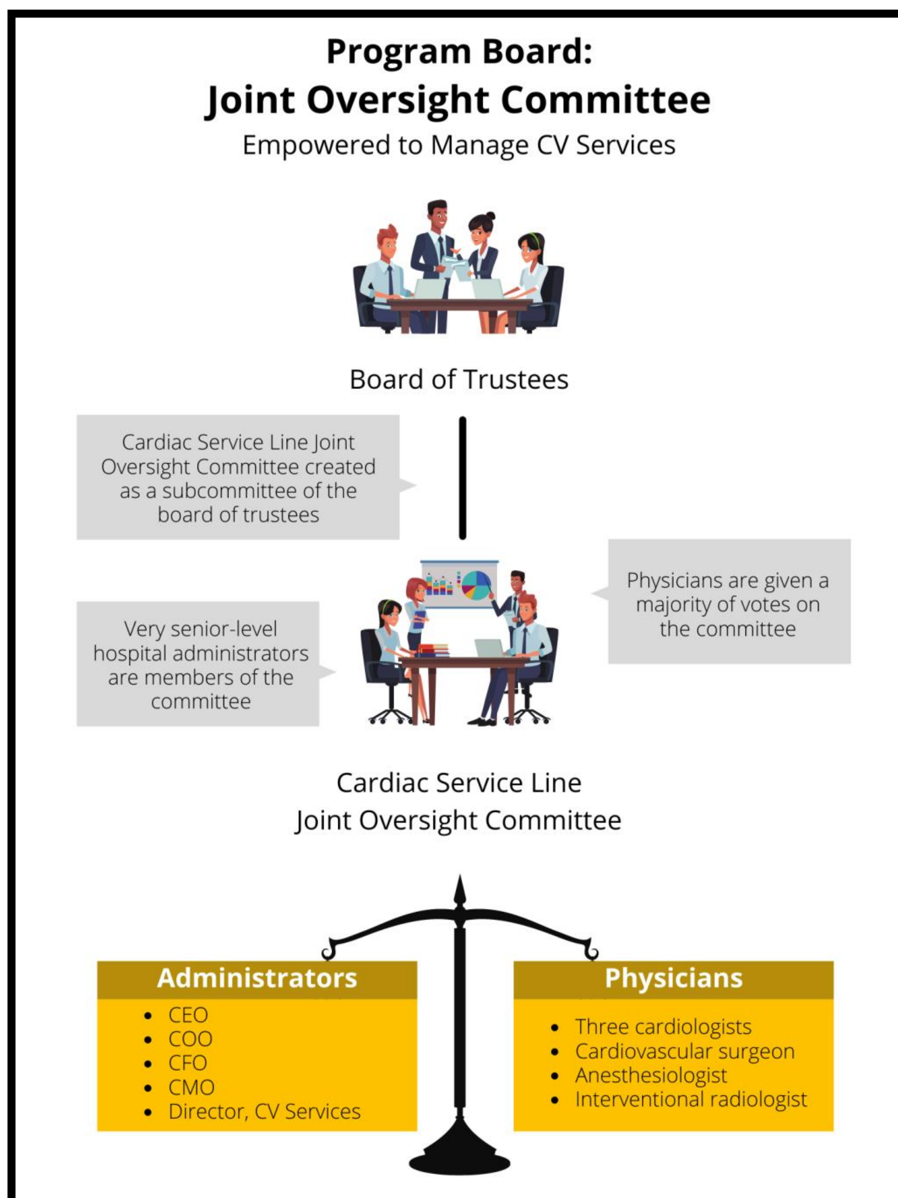
Committees with co-chairmanship between hospital and physician leadership can be created to address special program interests, such as quality oversight, research, education, fund development, and strategic planning and marketing. This allows the valued input of the key constituents of the program in developing and advancing the opportunities for program growth. But in the experience of Dr. V. Krishnaswami, former Chief of Cardiology and Medical Co-Director of the Heart Institute at Mercy Hospital in Pittsburgh, Pennsylvania, "Be careful not to create a large membership within the governance structure that will bog down the decision-making process and defeat the primary intent to give the program some autonomy and an ability to quickly respond to needs and changes."

Figure 1.

Depiction of the communication channels and membership for a typical CV Program or Service Line Board.



A sample structure of a Heart Institute Advisory Board is detailed below. Corazon works with hospitals on a case by case basis to ***understand the program objectives, physician and administrator relationships, and even market dynamics so as to create a unique and adaptable model suited to each client situation****.*



Management Contracts

In some situations, organizations look to physician leadership to manage all or certain aspects of the program. Corazon recommends approaching this strategy very carefully to assure that the practice brings with it the depth of management ability and required leadership skills to direct program operations. In our experience, institutions have contracted to outsource the management of the program or a key component in order to forge physician commitment. Often, this arrangement has not properly considered the necessary management accountability, and this accountability must be foremost in mind for a top-performing program.

Organizations are advised to approach a management contract (including co-management arrangements) with caution to assure that employee, quality, and cost factors are aligned with the hospital and all medical staff interests. In more and more cases, organizations use some form of a co-management arrangement to compensate physicians for managing critical areas of the program in order to meet or exceed performance targets. This promotes accountability for physicians to achieve higher levels of operating performance in the cardiovascular program and may be the next generation of the service line management model.

Managing Board

Dedicated Board management for the CV service line has emerged as joint ventures evolve and as physicians seek a greater stake in program affairs and returns. This complex structure calls for a legal entity to be formed among the key CV physician stakeholders through an LLC or equivalent structure. This type of governing Board for the cardiovascular program is conferred with fiduciary responsibility and autonomy in directing all program development.

A governing Board typically includes two or more cardiologists, a CV surgeon, and equal numbers of hospital representatives, one of whom is often a physician involved in network or business development. The key roles of this governing Board usually include quality oversight, strategic initiatives, education, and marketing. This arrangement usually calls for an equity investment in the program by the physician stakeholders.

Concentrate on the Relationship

Lastly, and perhaps most importantly, CV program leadership must believe in and trust the ability of the organization to manage future changes and challenges. Leadership and decision-making must be shared; any debate must be open, honest, and sensitive to each agenda.

Although the CV industry is evolving rapidly, the steadiness and belief in a long-term committed relationship between the hospital and medical staff will transcend momentary changes. **Indeed, a strong relationship will withstand the tides of market turbulence.** All decisions and ventures should be approached with a long-term view, with a keen consideration for the win for *every* party involved.

Developing mutual respect and trust between and among physicians and program / hospital leadership takes time and experience, but the payoff is high. Each party's ability to keep communication lines open and establish honesty in the situation goes a long way in building that trust. While it sounds simple, there's no better way to outdistance the competition and embrace new opportunity for a cardiovascular program, than to establish a strong foundational relationship between those that are most involved and committed to its success.

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