

# The Business Side of Medicine



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## Does Your EM Group Practice Need A Managing Physician?

Attention to the business management side of an emergency medicine group practice is critical in order to survive. Patients are less willing and less able to pay for the level of health care which they have come to expect. There will continue to be governmental and third-party insurer concerns regarding appropriate reimbursement levels for services performed within the emergency department. These changes in the environment are forcing EM group practices to be more tightly coordinated and organized. Business planning will no longer be a luxury but a necessity. Practice decisions can no longer be made on gut feelings or emotions...they must be made on the basis of critical self-evaluation, concrete data analysis and a knowledge of the practice environment within your strategic service area.

Most EM practices' overall approach to business retention / business development has been much more in tune with the "small practice" philosophies of the past than with the business into which medicine has developed. To compete in the ever-changing health care environment, practices must develop a more businesslike approach to emergency medicine, both technically and philosophically. A strong organizational structure is the basic foundation for good business.

### Doctor-level Leadership

The first step on the organizational structure ladder is the physician-leader or "**Managing Physician**" as it is most commonly known. There is no doubt that a mid-sized group practice can make physician-level decisions on a democratic basis. However, one person should have primary responsibility for providing group leadership, managing the practice, overseeing finances, securing new contracts and, in turn, reporting on the issues to the shareholders, conducting group meetings, encouraging group consensus, and assisting as necessary to resolve disagreements.

Although this person is not totally in control of the group, it is his/her responsibility to know what is going on within the practice and client hospital(s) on all levels and to present the necessary items to shareholders with recommendations for needed changes where applicable. The business manager and/or billing company reports directly to the Managing Physician. This assures that one physician shareholder is constantly informed of what is going on in the practice from a business, personnel and financial point of view. It is important to remember that the naming of a Managing Physician does not hand over total control of the practice to any one person. Instead, it develops an effective chain of command for the day-to-day management of the practice and gives the group's physicians a recognized leader to make some basic day-to-day decisions without the need of formal involvement on all of the physicians' part.

It is typical for the Managing Physician to assign specific projects to other physicians so that no one person carries the total burden of investigation. This is a good way for each physician to be involved in the overall management of the practice. In those instances, however, the Managing Physician assigns the tasks and ensures that these tasks are reported on and considered by the group. The introduction of such a leadership structure is something that all of the physician shareholders must agree upon. Often groups fail to recognize the need for an organized management structure to provide the group with higher-level leadership. Groups that utilize a business manager without this physician-level leadership are frequently disappointed because of their inability to appropriately direct the manager's efforts.



### Implementing the Managing Physician Role

Many practices have a physician who is charged with practice management duties; however, the role is frequently not vested with any authority and is too narrowly defined to be effective. It is essential that the role of the Managing Physician be clearly defined as to what authority and responsibility the position entails. Here are a few responsibilities that I recommend be handled by the Managing Physician:

1. Serve as Chairman of the shareholders' business meetings, preparing an agenda for each meeting, and assuring that the meeting's decisions are carried out.
2. The Managing Physician should have the authority to require that all physicians are conforming to the rules and clinical protocols adopted by the practice. He/she would have the authority to focus on physician lateness, low Press Ganey scores, inattention to details, and any other disregard of specified practice rules. No one physician, including shareholders, should be exempt from the rules set out for the good of the practice. The Managing Physician must have that authority, or else he/she will be ineffective.
3. Assign tasks to the Business Manager and outside advisors, such as auditing the billing company, and see that those responsibilities are properly handled. The Business Manager will have a variety of responsibilities for the actual running of the practice, but he/she should have definite reporting requirements. The Managing Physician and the Business Manager need to meet weekly or bi-weekly, even if only for 15-30 minutes, to stay abreast of current issues within the practice.
4. Make all routine decisions and have them implemented satisfactorily. This does not mean that the Managing Physician has the final "say" on everything within the practice, for the other shareholders need to have input as far as the "big picture" items are concerned. For example, the authority to borrow money, add physicians, terminate

physicians and so on should be discussed among all shareholders, but the Managing Physician would have the ultimate decision for all day-to-day concerns. The shareholders should be willing to give the Managing Physician this authority and then stay out of the decisions.

5. Responsibility for signing checks, approving accounts receivable write-offs, changing billing procedures and so forth, working in conjunction with the Business Manager.

### Managing Physician Compensation

Being Managing Physician will require that physician to spend time and attention at it. He/she cannot hope to accomplish this if not given the time to act as Managing Physician. The Managing Physician should be permitted to reduce ED shifts when necessary so that he/she can devote the necessary time and attention to the running of the practice. In the event that the Managing Physician is not able to reduce their patient hours due to concerns for personal compensation, an annual stipend may be paid to the Managing Physician for personal time outside of the scope of patient care directed towards these activities and responsibilities.

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