



## ***FOUR REASONS WHY HEALTHCARE ORGANIZATIONS ARE FEELING THE SQUEEZE WITH PATIENT REFERRALS***

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Throughout the healthcare landscape, the competition for patient referrals is becoming more and more intense. Specialists who once found it unseemly to overtly promote themselves to their fellow MDs are now discovering it is necessary to stay afloat. Here are four reasons why specialty practices are struggling to connect with their fellow physicians and receive these valuable patient referrals:

### ***#1 - Hospital systems are on a private-practice buying spree.***

They are doing this in anticipation of healthcare reform and the resulting need for an increased supply of doctors as more people obtain health insurance and seek primary care. In 2010, for the first time, the number of new physicians who joined hospital-owned practices exceeded the number of first-year practitioners who became employed by medical groups owned by physicians. The buying frenzy has gotten so fierce that some hospital administrators think that if they don't buy up physician practices in their community, then the medical center down the street will. According to a Medical Group Management Association (MGMA) national survey: in 2002, about 20 percent of physician practices surveyed were hospital-owned; in 2008, over 50 percent of the physician practices surveyed were hospital-owned; and in 2012, the number of survey respondents owned by hospitals had risen to over 69 percent.

Patient volume is one of the key factors to long-term hospital sustainability. Administrators feel that they have more influence over employed physicians than those physicians in private practice. In the end, the hospital that sees the most number of insured patients, in the most efficient way, wins. In the most competitive

markets, seven out of 10 patients admitted into a hospital come from within the hospital's employed physician network; the other three percent come from E.R. admissions and a spattering of admits from private practices.

Not only are health systems and hospitals buying up more medical practices -- and directing their employed physicians to keep all their referral business in-house -- they're also increasingly shutting many doctors out of the hospital altogether and using their own on-site hospitalists to oversee admitted patients. These factors make it tough for specialists to develop referral-worthy relationships.

### ***#2 – Treatment options are expanding at an exponential rate.***

The number of specialist (and subspecialist) categories has nearly doubled in the past 15 years, making patient referrals all the more diluted. According to the American Board of Medical Specialists, a pediatrician alone can receive certification in up to 20 different sub-specialties. These specialized certifications may sound alluring to a healthcare provider, but sub-specialists have the added burden of convincing referring physicians that their new treatment option is superior to an existing protocol. When primary care doctors are overwhelmed with patient care, the time they have to learn about new sub-specialties is extremely limited.

### ***#3 - Physicians are no longer networking through traditional means.***

Historically, referrals were handled through a more direct professional network. Specialists would meet internists and family doctors while they were rounding at hospitals, attending conferences, and occasionally at social events. It was an organic way of keeping providers in the know on the latest treatments, procedures and diagnostic tools available to patients.

Today, many of those channels have disappeared. Medical conferences and events where doctors once met have moved online. Doctors struggling with shrinking reimbursements and rising costs don't have time for recreational bonding.

Healthcare consumers have a world of options when it comes to primary care. They can pop into an Urgent Care facility down the street, get their flu shot at the grocery store, or have an ear infection diagnosed and treated at the local pharmacy; others

are self-diagnosing online and bypassing primary care altogether. The image of the all-knowing patriarchal family physician has gone by the wayside.

***#4- Specialty physician practices are in a quandary over whether they should sell their practice or remain independent.***

Private practices are facing reductions in reimbursements, increases in the number of uninsured patients, and uncertainty over health care reform. With increasing governmental audits and the impending expense of information systems, many physicians in private practice are yielding to offers of economic certainty and reduced hours as hospital employees. As employed physicians, they are promised a better quality of life, more resources, and the ability to devote more of their time to patient care.

In addition to financial security and improved quality of life, a specialist gains access to the referring physicians already affiliated with the hospital network. These hospital networks are constantly trying to avoid referral “leakage.” Smart health systems will do whatever they can to make sure patient referrals stay within their network. Specialists who don’t work under a large network umbrella will continue to see challenges when communicating with primary care doctors. In either instance, these organizations need help getting their message across.

***The Solution- Physician Liaisons***

***Highly trained physician liaisons are delivering positive results to the organizations they represent.*** Healthcare consumers want to believe that primary care physicians refer them to a specialist because they have first-hand knowledge of that specialist’s skills. Unfortunately, the burdens referenced earlier, make that nearly impossible. Specialists won’t receive referrals if providers don’t know about them. Those who wish to stay afloat must establish a comprehensive referral-generation plan and empower an individual within their practice to implement that plan.

Enter the physician liaison. Large healthcare networks have employed liaisons for years and independent specialty practices are seeing the value of a committed

salesperson. There are a growing number of independent physician liaisons who perform contract services for regional hospitals, ancillary service providers and private specialty clinics within a certain market area.

The most effective liaisons stick to a detailed business development plan based on previous referral data, payer mix, and market share. Often, physician liaisons can only make an educated guess when it comes to developing an appropriate outreach strategy. By using the web-based application MDreferralPRO, liaisons can create marketing plans based on predictive analytics that are exclusive to the organizations they represent. MDreferralPRO lets liaisons geographically target areas and identify untapped referral sources by name, specialty and location. They can identify which providers should be a top priority, and where they should concentrate their efforts to generate more revenue. The program also identifies which outside providers have referred patients, and whether or not those referral patterns are increasing or decreasing.

A good physician liaison is one who is self-assured and who has an expansive knowledge of the physicians/organizations he or she represents. The best liaisons can get in front of all the people who influence a patient referral, whether they are schedulers, nurses, NPs or MDs. They need to have a clear communication strategy and a defined list of people they want to reach before getting started. Hospitals and specialty practices that invest in physician liaisons will see a marked increase in their patient referrals *if* those liaisons are given the right tools to do their jobs. Physician liaisons who are armed with MDreferralPRO will continue to keep their physicians busy seeing new patients. Healthcare organizations that believe referrals will come to them without any business development effort may be looking at an empty waiting room.

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