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December 31, 2015

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Climate Change and Hospital-Controlled Medicine

I'm not a climate change denier. After all, it's cooler out now that it's winter than it was just a short time ago when it was summer.

Seasons come and seasons go, and they do this in healthcare, too, where they are called trends or perhaps lean six sigma.

Thus the rush to alignment which has caused hospitals to bloat in terms of employed physician staff and contracts with national and regional groups, relationships that don't always work out as they were imagined in the heat of summer. Promises such as, in the case of the former, continued competitive compensation, and in the case of the latter, low or no stipend support and quality coverage from physicians other than gambling drug addicts, don't always pan out.

As studies such as that from the Kentucky Hospital Association show, hospitals are losing significant amounts of money, running into the many hundreds of thousands of dollars, per employed physician. And, although I can't find any hard data, I've had a number of discussions with hospital administrators and hospital board members about the difference between what's being promised and what is actually being delivered, what I call the Promise-Delivery Gap™, that is souring them on continuing to contract with large national or regional hospital-based groups.

Yes, this climate change is definitely man made. So, in the spirit of combatting it, what is a hospital CEO or an enterprising physician to do?

Here are some baby steps:

1. Tell the truth about the situation.

Are you better off now or before the alignment?

If your medical group sold to the hospital a few years ago, has your competition kept pace with the true market, and is it really easier practicing as a hospital employee or as a part of a hospital-controlled group? Or, did you fall for the line "you practice medicine, we'll take care of the rest?"

If you're the hospital CEO, or maybe the new one because your predecessor was fired, is that mega size hospital-based group or, even better, that "contract management company" saving you a million in stipends but costing you ten times that in lost revenue?

Either way, don't let confirmation bias and other all-too-human failings hold you back from telling the truth. The first thing to do to get out of the hole you're in, is to stop digging.

2. All politics is local.

The way out doesn't lie with joining another group or sending that hospital contract out for another RFP. That's true whether you're a physician employee seeking to break free from declining employment or a hospital CEO seeking to terminate a contract with an underperforming national group.

Instead, the solution is to rekindle an independent, local practice.

3. Heal thyself...but not all by yourself.

I know that restarting a local practice sounds difficult, whether your own local practice if you're a physician or fostering the rebirth of an independent local group if you're a hospital exec. That's because it is difficult. But so are continuing unhappiness, lost income, termination, and perhaps even bankruptcy.

You have to have the guts to take the first step yourself, but you don't have to go it alone. We've helped hundreds of physicians form new groups. It takes time, effort, and investment. But it's the only viable solution.

Coming Up in Early 2016

Stay tuned for two upcoming webinars with Mark Weiss in 2016!

"Understanding The OIG Advisory Opinion Process"

"Is Your Medical Group A Business or A Club"

Wisdom. Applied. 83 - 4.5 Things Magic Mountain Taught Me About Your Business.

That summer at Magic Mountain was a petri dish of customer service and other business education. Here are 4.5 of the lessons that I learned.

NEW BOOK OFFER

Success Or Failure? Strategic Tools For Medical Group Leaders



COMPLIMENTARY BOOK DOWNLOAD

Today's medical groups must confront multiple challenges: The impact of Obamacare. Increasing commoditization. More competition, not just from other physicians and medical professionals, but also from hospitals, investor-owned groups, and disruptive ventures. Yet at the same time, the future of healthcare offers medical groups tremendous opportunity.

This small book is a collection of essays, of thoughts as thinking tools for your success. Read. Think. Succeed. Repeat.

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Hospital-Based Medical Group Mergers, Acquisitions & Alternatives



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Some days, it seems as if everyone, from anesthesia groups to vascular surgery practices, is talking about selling their practice to a larger group, to private equity investors, or to a hospital.

The reality is that some practices can be sold, some can never be sold, and some have nothing to sell.

The reality also is that there are a number of strategic alternatives to a practice sale.

A perfect storm of factors is accelerating the market for hospital-based medical group mergers and acquisitions.

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2016 New Year's Un-Resolutions

We all make New Year's resolutions. "I'll do this or that!" Then January 5th rolls around and, well, you get the idea.

In keeping with our E-Alert New Year's Tradition, here's the hack. Flip things around: What will you not do, or stop doing, next year? Here are some suggestions for 2016:

1. Stop yearning for a return to the golden past; it wasn't golden and it's not coming back.
2. Stop putting all of your eggs in the basket called a hospital. Hospitals, as we know them, are an endangered species in a world in which diagnosis, treatment and care will quickly move to outpatient facilities and into patients' homes.
3. Stop believing the promoter who says the deal "has been vetted by my lawyer and it's perfectly legal." If the deal involves you receiving a fee per adjudicated script, has you giving a discount, allows someone else to resell your services, or (and this should be obvious) has you paying them a fee per patient, consider how you'll look in an orange jumpsuit.
4. Stop reacting to others' proposals. Become proactive and lead with your own strategy, not simply tactics.
5. Stop settling for less. Don't believe those who tell you that you have to lower your expectations. Set them as high as the stars. If you don't, you'll regret it sooner or later.

Oh, and one regular resolution: Resolve to have a very happy and successful New Year!

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Mark F. Weiss
The Mark F. Weiss Law Firm, a Professional Corporation
(Formerly known as Advisory Law Group, a Professional Corporation)
markweiss@advisorylawgroup.com

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1227 De La Vina Street
Santa Barbara, CA 93101
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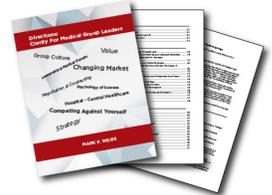
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Tel: 972 392 9200

Fax (all locations): 877 883 0099
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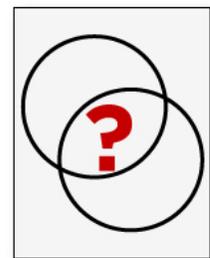
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The healthcare market is changing rapidly, bringing new sets of problems.

How can you find a solution, how can you engage in the right development of strategy, and how can you to plan your, or your group's, future without tools to help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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Recent Interviews and Published Articles

Mark was quoted in the article **Practice Patterns Change While Outcomes Remain Steady Among Older Anesthesiologists**, published in the December 2015 issue of [Anesthesiology News](#). Read or download [here](#).

Mark's article **Anesthesia Group Mergers, Acquisitions and (Importantly) Alternatives** was published in the summer 2015 volume of [Communique](#). Read or download [here](#).

Mark was quoted in the article **Anesthesiology Acquisition Rate Still at Fevered Pace**, published in the July 2015 issue of [Anesthesiology News](#). Read or download [here](#).

Mark's article **Seeking Certainty In Radiology: Mergers, Acquisitions and Alternatives** was published in June 2015 on [imagingbiz.com](#). Read or download [here](#).

Mark's article **Give Disruptive Docs the Boot** was published in the April 2015 issue of [Outpatient Surgery](#). Read or download [here](#).

Mark's article **Do You Make This Mistake Concerning Customer Value?** was published in the April 2015 issue of [Anesthesiology News](#). Read or download [here](#).

Mark's article **Do You Make This Mistake Concerning Customer Value?** was published in the March 2015 issue of [General Surgery News](#). Read or download [here](#).

Mark's article **McDonald's and Delivering Anesthesia Group Value** was published on [AnesthesiologyNews.com](#) on December 30, 2014. Read or download [here](#).

Mark was quoted in the article **Top 5 financial challenges facing physicians in 2015**, published in the December 2014

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issue of Medical Economics. Read or download [here](#).

Mark was quoted in the article **Top 15 challenges facing physicians in 2015**, published in the December 2014 issue of Medical Economics. Read or download [here](#).

Mark's article **Bundled Billing or Bungled Billing?** was published in the October 2014 issue of Pain Medicine News. Read or download [here](#).

