

The Expanding Roles of the Chief Medical Officer

By Yisrael M. Safeek, MD, MBA, CPE

More than ever before, hospitals are facing enormous pressures to deliver lower cost, better quality care with improved customer satisfaction, while maintaining profit margins.

These challenges recently escalated to a higher level with the implementation of pay-for-performance (P4P) from Centers for Medicare and Medicaid Services and “no P 4, no P” from other payers.

At the core, these cost-saving initiatives have targeted hospitals with non-payment of services resulting from preventable medical errors. In an effort to curtail anticipated financial loss, many hospitals have turned to solutions from within the C-suite itself. Hospitals are now looking to the one person in administration who can bring visionary leadership to medical error reduction—the chief medical officer.

Today’s quality-driven health care environment has seen the hiring of physicians to perform the job of setting near-term clinical strategies and long-term outcomes planning.

IN THIS ARTICLE...

Highly skilled chief medical officers will see their roles and responsibilities grow as they become key drivers of many hospital programs and services.

Physician executives are not merely diplomatic liaisons between administration and the medical staff; that job has now been relegated to only a miniscule portion of the CMO role. Rather, once confined only to medical staff procedural issues, the position of the CMO has evolved and now crosses a wide variety of disciplines.

Indeed, overseeing customer care and satisfaction, attaining financial margins, and guaranteeing clinical outcomes have become the ever-expanding role of today’s CMO.

Customer value and community needs

Medicine is increasingly being viewed as a business. However, one particular business principle which has universally long been neglected is the practice of creating value through patient-focused excellence.

To achieve customer value, many hospitals are now measuring services by the expectations of physicians, payers and patients in the participating community as a whole. In the hospital, no one is more suited for advancing this customer relationship management role than the physician executive who can create customer value by eliciting areas of concern from each customer group.

The CMO is in the best position to constantly develop and adroitly manage relationships with physicians in order to improve the perception of excellence by patients and payers.

In the past, the physician executive contributed to customer satisfaction by working closely with physicians to streamline organizational procedures and processes. That was tantamount to bridging the gap between hospital expectations and actual care delivered by the medical staff.

In cases of conflict, it was the physician executive who had to act as a consensus builder in order to resolve

Table 1

The expanding roles of the CMO

- C Customer relations and Community needs**-satisfaction of patients, physicians, and payers.
- M Marketing strategies and Margins**-expand clinical services and improve the bottom line in light of P4P.
- O Outputs and Outcomes**-supervise productivity efforts and focus on clinical results of excellence.

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process gaps. Today, one of the primary jobs of the CMO is to not only serve as a liaison between physicians and the hospital, but to expand this relationship to include patients and payers as well.

Not only does today's CMO have to cement the business partnership between patients, physicians and payers; he or she must possess certain skills sets which are conducive to customer satisfaction.

The physician leader has to stay on the cutting edge of customer relations by monitoring customers' needs and desires through aggressive customer feedback mechanisms. By capturing community needs through customer surveys, the CMO must tailor services to equal and/or exceed what the various customers are demanding. Customer value hinges on the CMO managing three areas of concern.

On another level, it is the CMO who singularly possesses medical knowledge and can align the hospital's mission to the community's

medical needs. It is incumbent on the CMO to participate in customer-focused care delivery by helping the community track and improve care.

By identifying specific ways that hospital services could better serve the community, the CMO can participate in successful strategies to streamline the delivery of clinical services offered by the hospital.

Through an unrelenting focus on customer satisfaction, the CMO must constantly be involved in detecting and measuring customer issues from point-of-care and responding to patient/physician/payer complaints.

It is today's physician executive who has to be in charge of satisfaction surveys, and monitor hotlines for complaints and compliments.

Figure 1

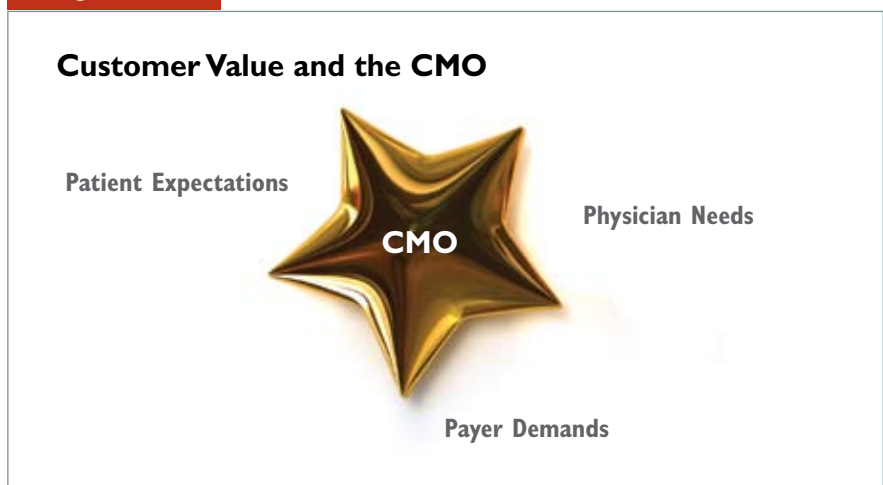


Table 2

Estimated cost per preventable condition

Preventable Condition (estimates)	Additional Cost (per case)
Hospital-acquired bloodstream, surgical site, urinary tract, and pneumonia infections	\$10,500-a.
Antibiotic-resistant bloodstream infections in transplant patients	\$111,000-b.
Adverse drug event	\$8,750-c.
Decubitus ulcer	\$50,000-d.
Deep vein thrombosis	\$13,055-e.

a, b. Health & Human Resources, Testimony, Denise Cardo, March 29, 2006, www.hhs.gov

c. Institute of Medicine, Report Brief, July 2006

d. "Cost Savings Through Bedsore Avoidance," National Decubitus Foundation, December, 1999

e. Medscape General Medicine, Anticoagulation therapy for Venous Thromboembolism, 2004;6(3):5



The CMO has to supervise focus groups that assess patient expectations and garner innovative customer ideas as part of a value-driven process.

Acting on these results, he or she must set achievable goals in order to satisfy community needs,

and then offer feedback to the rest of the administrative staff. Community attributes are then incorporated into the recruitment of needed resources. This translates into a win-win situation for the hospital and entire community.

Market strategies and margins

In a time of shrinking reimbursements and when every dollar counts for the hospital's financial well-being, a good CMO can be a lifesaver. There is a saying that: "A bad hospital needs a good physician healer, but a good hospital deserves one."

The advent of P4P requires that the next generation of physician executives not only possess management experience, but also be capable of providing leadership toward operational excellence.

As a member of the executive team, the CMO is expected to possess strong business acumen with an eye toward strategic management. More and more physician leaders have answered the call by seeking the requisite business skills like accounting, finance and marketing that are important for the financial health of today's hospitals.

It is no surprise that the operational performance of any hospital is no more the sole domain of the chief operations officer. Physician executives are being called upon to demonstrate deep understanding of financial and business plans and interpret micro-and macroeconomic changes in the marketplace.

Table 3

Outputs versus outcomes

	Outputs	Outcomes
Definition	A measure of efficiency	A measure of effectiveness
Customer effect	Cost-related	Value-related
Profitability	Quantity of service	Quality of service
Accreditation	A level of production	A level of performance

The CMO is required to not only think like a business person, but to also offer proactive leadership in health care financing, strategic planning, and market share. He or she is involved with the integration of clinical practices into operational excellence.

Through aggressive recruitment and retention of much needed clinical specialties, the CMO has and will continue to be the point connection between aligning the hospital's service offerings to its marketing brand.

By utilizing promotional and public relations efforts based on market analysis, the CMO can enable the hospital to expand services and hold on to market share. Other marketing activities physician leaders are involved with center on expansion of services, and efforts to ensure that the hospital remains a preferred network with patients, payers and physicians.

More importantly, however, the CMO has to possess a keen sense for pay-for-performance initiatives and how these could financially make or break the hospital. He or she must be able to judge the cost-effectiveness of care delivery, participate in budget planning, and set strategic and financial direction.

Clearly, hospitals lose a substantial amount of money each year to certain preventable conditions that CMS is refusing to reimburse for.

Hospitals are constantly searching for ways to reduce waste and decrease inefficient utilization across the system. Smart hospitals know that it is the CMO who will ultimately determine profit margins by driving clinical practices based on quality and efficiency.

In an effort to avoid eating cost, hospitals are now relying upon their physician executives to improve operating efficiencies through implementation of clinical practice guidelines, lean processes, Six Sigma, and other standardized metrics.

It is incumbent upon the CMO to support integrated activities that better align physicians' practice patterns with maximal financial margins. This has always meant collaboration with the medical staff to ensure profitability of the organization through activities that would prevent medical errors. Such activities include adherence to CMS core measures and Joint Commission national patient safety goals.

Outputs and outcomes

Time and again, it has been demonstrated that clinical productivity usually fares better in a culture that aligns itself and fosters high

value to services. Building consensus through physician empowerment is just one way the CMO can continue to contribute to a culture of quality and increased productivity in the hospital.

The physician executive has traditionally contributed to increased output through selection and recruitment of capable and competent members of the medical staff. Retention and engagement of physicians already on board for strategic planning and team building has also been a major role of the CMO; only now buy-in is essential for service excellence.

Table 4

An example of benchmarks for cardiac surgery.

Pre-treatment Data (assign value for each)

1. Poor baseline predictors
2. Prior MI
3. Age>75
4. Heart failure
5. Diabetes
6. Prior CABG

Treatment Data

1. Surgical infection prevention
2. Glucose management
3. Blood utilized during the case
4. Temperature at the end of the case

Post-treatment Data

1. Re-operations/readmissions
2. Ventilator-assisted pneumonias
3. Bloodstream infections
4. Decubitus
5. Mortality



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More than ever before, the CMO must also serve as a valuable resource for hospital expansion activity by analyzing and planning for ongoing and future projects. Today's physician executives are not only expected to be proactive in expansion planning, but through visionary leadership also provide foresight on implementation of new clinical programs. By bringing a clinical point of view to any hospital expansion plan, there could be more focus on streamlining of patient flow processes.

Perhaps, the most important role of the CMO is to be the guardian of the public's trust by striving for patient-focused excellence. The physician executive should never forget the principles of the Hippocratic Oath and should seek to incorporate these into the prevailing culture of the hospital.

Simply an understanding of compliance issues is merely a rudimentary attribute of fulfilling this expectation; the CMO must also be a champion of results-driven clinical programs and evidence-based medicine. It is also up to the CMO to establish the link between outputs and outcomes.

Reaching for outcomes excellence demands management by innovation that requires broad-based knowledge of information systems and database management.

Dynamic understanding of standards from accreditation agencies, the know-how of data collection, outcomes analysis, and change implementation are also important. It is the physician executive's responsibility to procure, collect and use data to drive outcomes, improve care, and contribute to the financial health of the hospital.

Using a data-driven process, the CMO must monitor key clinical indicators that are incorporated into dashboards that trend clinical performance.

The evolving CMO role demands that the physician leader slice, dice, sort and abort unsafe practices within the organization by establishing triggers and reporting mechanisms in order to deliver high-value customer services.

Using a systematic approach, the CMO is responsible for alignment of clinical practices toward integration of outcomes excellence.

In the end, by collaboratively aligning customer satisfaction and community needs to profit margins and market share, the message of accountability of outcomes is not lost. These expanding roles for the next generation of physician executives could represent a daunting challenge in light of forthcoming changes in health care.

Nevertheless, getting involved with delivery of value care, positively contributing to the profit margins of the hospital, and championing excellent outcomes can also be immensely rewarding.



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