



SOUTHWIND BULLETIN

JULY 2006

Turn to other side
to meet our newest
team members.

Andy Kellar, Maureen Madigan
and Bob Vernon



PHYSICIAN RECRUITMENT PITFALLS: LESSONS LEARNED FROM THE ALVARADO CASE

Also in this issue:
Southwind extends
depth in key services
with three new mem-
bers of the manage-
ment consulting team.

How can we help you?
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Healthcare professionals have watched with interest the U.S. Department of Justice's suit against Alvarado Hospital in San Diego (*United States v. Barry Weinbaum, Tenet Healthsystem Hospitals Inc., and Alvarado Hospital Medical Center Inc.*). See sidebar for a summary of the facts of the case). The case ended in two mistrials. The government has sought through regulatory means to exclude Alvarado Hospital from participation in Medicare and Medicaid programs.

During the trial Randy Gott, Southwind Health Partners' Vice President, served as an expert consultant to attorneys representing Alvarado Hospital. Randy provided expertise in the areas of community need documentation and physician recruitment practice and policy. Out of this experience, Randy identified a number of valuable 'lessons learned'. We thought it worthwhile for Randy to share these lessons with Southwind clients and friends. We encourage you, if you have questions, to discuss with Randy how these issues might impact your organization.

➤ **Document, Document, Document** – This is the most critical lesson healthcare organizations should take away from the Alvarado case. First, documentation through a current and comprehensive physician needs assessment is the underpinning for any recruitment activity. The words 'current' and 'comprehensive' are important. A process that includes credible research and reliable input is essential for effective planning and, of course, a proper defense of recruitment activity should the need arise. Going beyond a simple quantitative analysis lends credibility to the plan. In addition to quantitative analysis, hospitals should include input from the medical staff and administration along with information on the organization's clinical strategies, priorities, and future plans. Documentation of the reasonableness, i.e. the fair market value of physician compensation arrangements, is vital. This documented analysis should include guarantee amounts, stipends, and all financial relationships. Using an independent third party to conduct the analysis adds objectivity to the process.

➤ **Have a comprehensive Recruitment Policy** – A written recruitment policy is very important. Such a policy addresses organizational structure alternatives (such as committees charged with recruitment oversight), reasonable and appropriate recruitment incentives, internal documentation, and other staff responsibilities. Measures to test the reasonableness of recruitment activities should be included. A recruitment policy also helps ensure consistency in recruitment activities, and it can facilitate decision making in areas such as who gets assistance and prioritization of recruitment goals. It should also outline clear roles and responsibilities for recruitment activity and decision making.

➤ **Review recruitment practices regularly** – Establish a periodic review of recruitment activities. The Recruitment Policy, along with recent legal or regulatory developments, can provide some guidance for a periodic review. This review helps ensure the proper

execution of ongoing recruitment activities including checking to see that all activities are:

1. consistently documented,
2. compliant with legal and regulatory requirements, and
3. within established Recruitment Policy guidelines and priorities.

While there is no guarantee of success in legal and regulatory disputes, adopting these suggested approaches will help hospitals execute well-planned, compliant and more defensible physician recruitment activities. If nothing more, the Alvarado Hospital case can serve as a "teachable moment" for institutions and recruitment professionals.

For more information on how to implement these suggestions, please contact Randy Gott at (615) 620-5017 or rgott@southwindhp.com.

THE ALVARADO CASE

San Diego's Alvarado Hospital (*United States v. Barry Weinbaum, Tenet Health System Hospitals, Inc., Alvarado Hospital Medical Center, Inc.*) was prosecuted by the U.S. Department of Justice on charges that the hospital violated federal anti-kickback laws as a result of physician recruitment arrangements on behalf of existing medical practices. The prosecution contended that Alvarado Hospital struck deals worth more than \$10 million over a ten year period for relocation and recruitment packages on behalf of nearly 100 physicians that are affiliated with medical groups in the hospital's service area. Further, the suit alleged that in return for the recruiting and relocation assistance, affected physicians agreed to refer patients to the hospital. The case has focused attention on the legality of practices that hospitals commonly use to provide physician recruitment assistance to local medical practices.

At the time of this writing, the Office of Inspector General (OIG) and Tenet Healthcare Corporation (Tenet) have reached an agreement concerning Tenet's divestiture of Alvarado Hospital Medical Center resolving the OIG's possible exclusion of Alvarado from participation in Medicare and all other Federal health care programs.



SOUTHWIND AUGMENTS PHYSICIAN PRACTICE MANAGEMENT CAPABILITIES

Andrew G. Kellar
Director

Andy has twenty years of progressive healthcare experience in physician practice management and managed health care. At the executive level, Andy has served as Vice President for Ochsner Clinic Foundation, New Orleans, La.; a 600 physician integrated delivery system with 24 regional and satellite clinics and 4 hospitals. His responsibilities included managed care contracting with over \$400 million in net revenue, business and referral development, hospital integration, international health services and corporate programs.



Additional senior management positions include Regional Vice President of multiple networks for North American Medical Management (NAMM), an IPA/PHO development and management company, and Vice President of Managed Care Contracting for a statewide health plan, insuring 200,000 commercial and Medicare covered lives. Earlier experience includes business operations and revenue cycle management of the regional Ochsner Clinic in Baton Rouge, La. As a charter member of the Administrative team with 17 physicians, the practice grew to 80 physicians in five years including construction of a 110,000 square foot multi-specialty facility.

Andy earned a Bachelor of Science in Business Administration degree with a double major in healthcare management and marketing from Appalachian State University.

SOUTHWIND EXTENDS DEPTH IN REVENUE CYCLE MANAGEMENT

Maureen M. Madigan
Director

Maureen joins Southwind as a Director of physician practice operations and revenue cycle management. With greater than 20 years of healthcare management experience, Maureen has held a variety of positions as Executive Director in primary, single, and multi-specialty group practices. While serving as Director of Operations for the Mercy Medical Group in Pontiac Michigan, Maureen was instrumental in managing practice acquisitions, transitioning hospital-owned practices into a physician-governed medical group, and served as project manager for the selection and implementation of an information system that supported practice operations. As the Administrator of a busy single specialty surgical group in Michigan, Maureen redesigned the revenue cycle which dramatically reduced days in accounts receivable. Since joining Southwind Maureen has been dedicated to the assessment of physician practice operations, information system implementations and the entire revenue cycle process bringing best practice solutions to Southwind clients.



SENIOR DEVELOPMENT, CONSUMER HEALTHCARE STRATEGIST JOINS SOUTHWIND

Robert B. Vernon
Director of Development

Mr. Vernon joins Southwind with over twenty-five years experience in health care, focused on health system and health plan strategy, and new business development. Bob will lead business development, marketing and communication activities, and assist Southwind clients with strategy encompassing physician alignment, consumer-directed care and managed care.

Bob is charged with ensuring that, as the company grows, we maintain our high level of responsiveness to new and existing Southwind clients. He also offers clients strategic expertise in consumer directed health care, as it reshapes the way physicians and health systems conduct business.

In his career, Bob has served as an advisor to numerous health systems and health plans on issues related to physician ventures, managed care and consumer-directed healthcare. Prior to joining Southwind, Bob led product implementation and customer relations for a consumer-directed healthcare software company.

Previously, he provided product development, marketing expertise, and health plan management services for a worldwide insurance services firm. In his role as a consultant with Voluntary Hospitals of America, Healthcare Venture Associates and Trigon Health Ventures, Bob established several successful managed care organizations and provided turn-around and interim management services to many others. Related to consumer directed health care, Bob has consulted with and presented to health systems, physicians, insurance brokers, technology companies, attorneys, and financial institutions. He has also published several articles on the topic.



SOUTHWIND
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A PHYSICIAN PRACTICE MANAGEMENT
AND CONSULTING COMPANY

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