

Forming Successful Partnerships

By: Chuck Owen, Principal Healthcare Venture Professionals

Here are some highlights of what we've learned (HVP) to help our clients form successful partnerships.

Top 10 Lessons Learned

- 1) Most Physicians prefer to look first to the Hospital (vs. national for-profit chains) as potential partners for outpatient services.
- 2) Hospitals that seek to proactively collaborate with their physicians get better deals than those who wait.
- 3) Most Physicians prefer to collaborate with their local Hospital but will readily compete if the Hospital is not willing to "share the pie".
- 4) Physicians believe that Hospitals move too slow. Hospitals believe Physicians are too impatient. Both are frequently right.
- 5) What you've heard is true: "It is better to have 50% of something than 100% of nothing".

6) A single, successful Partnership "sets the table" for ongoing partner behavior where both parties are routinely looking for other collaborative opportunities.

7) A growing number of Hospitals who now own 100% of a service (especially a Surgery Center) are actively considering converting these services to a JV.

8) Most Physicians do not want the Hospital to have management control over the Partnership - they fear it will be run like a Hospital Department.

9) A Joint Venture will improve your Hospitals ability to recruit new Physicians - competition here is nation-wide and many locations will offer this option.

10) A well conceived Joint Venture can result in a "bigger pie" for Hospitals and Physicians.

Top 6 Advantages for Physicians to JV with Hospitals

- 1) Easier access to capital.

- 2) Access to better payor contracts.
- 3) Access to group purchasing organizations.
- 4) Support of referral physicians.
- 5) State CON "clout" (where applicable).
- 6) Preservation of relationship with the Hospital.

Top 4 Things Physicians Want in a Joint Venture

- 1) More control over operational decision-making.
- 2) Better patient experience.
- 3) Better physician experience.
- 4) Opportunity to replace lost income from lower reimbursement.

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