As a physician-owned company, Physician Synergy Group (PSG) is at the forefront of today's new business model for health care—one that places physicians and PSG's health care professionals in a co-management partnership of medical facilities in order to deliver the highest standards of quality patient care and optimal financial returns for stakeholders. As well as developing new hospitals and specialty hospital projects, they have recently become experts at acquiring 'turnaround situations' in acute-care facilities. They take a facility with deteriorating financial stability (with a potential negative impact on the quality of care being provided) and then develop and manage them for success.

PSG provides the day-to-day management expertise in the hospitals that it owns or operates and overlays that with specific involvement from its physician co-management partners. Unlike conventional hospital management groups, PSG is led by a team of practicing physicians as well as additional experts in finance and health care operations. Because of this, PSG is uniquely capable of bringing both medical sensibilities and business acumen to the equation, resulting in an optimal alignment of medical and financial interests. The physician-owners of PSG stay well abreast of clinical efficiencies and best practices in patient-care outcome management. They are still hands-on in their medical practices, providing PSG's senior management with intelligence and relevant insights regarding the delivery of high-quality, cost-effective clinical processes and patient care.

Turnaround facilities require the right leadership to help re-brand the hospital -- not only to the community itself but to the community's core physicians. PSG brings partners into each turnaround and develops specific programs centered on physician and community needs. With the recent decrease in reimbursement, it is becoming increasingly difficult for physicians to market their own practice. When the individual practices fail to grow, they cannot bring incremental business to area hospitals. By supporting and assisting with their own practices' business needs, PSG fosters a true partnership sense with their physicians.

Dallas Medical Center (DMC) has made great progress during the first year of operations under the management of PSG. PSG was appointed manager in December 2009 when they assumed liability, and subsequently acquired the operations of Dallas Medical Center in March of 2010. The hospital's campus includes a six-story acute care patient tower, completed in 1984, and four medical office buildings.

The hospital has gone through operational turmoil since the 25 year lease/operation contract with Tenet Health Corporation expired in 2007. The hospital was operated by Hospital Partners of America and several others before becoming DMC. The facility was known as RHD Memorial Medical Center until 2007, it has gone through two name changes until 2010, when it became Dallas Medical Center. These multiple identities resulted in continuing public relations and marketing challenges and have been a major factor in rebranding the long-established facility.

The Turnaround

What does it take to turn around an established, but floundering hospital like Dallas Medical Center? It begins with a stable and dependable reputation and brand in the public eye. DMC has maintained its position as a true "community" hospital serving North Dallas and the neighboring suburbs of Farmers Branch, Carrollton, Addison and Irving.

"There is no reason we cannot be successful in our location. We have good demographics and a loyal community," CEO Raji Kumar said.

Ms. Kumar, who was appointed CEO of DMC in April 2010, has history with turning a hospital around in a large urban center. In 2006, she was appointed CEO of Oakland Regional Hospital in suburban Detroit, where she headed a turnaround that included rebranding, name change, re-credentialing the hospital into an acute care facility, the addition of a satellite hospital outpatient department and the addition of several successful programs. At DMC, over just the past year, Ms. Kumar and her management team have led the hospital into positive territory by moving it from losing over $1.5 million per month to being in the black.

"Turnarounds are made possible by selecting the right team of managers who instill the organization's values, creating a horizontal leadership structure that is accessible. The keys are engaging employees and recruiting new physicians. These professionals champion the new culture and provide support to each other. Next, we bring the right technologies to gain efficiencies in operations that reduce costs. These provide a higher quality of care. Finally, through rebranding we are able to achieve a holistic turnaround. Our rebranding strategy is not simply a flavor-of-the-month, but a complete culture change," Kumar said.
Three Core Constituencies

Physicians: DMC is a physician-centered and physician-driven hospital. PSG and the hospital believe it is critical to recruit the right physicians who will help build a new culture and who are supportive of each other. The administration must understand what’s happening in the physician’s world and build true partnerships. “I make periodic phone calls to all our medical staff. My key objective is listening. I look for the little things that add value to their practice and focus on building a relationship,” said Kumar. “Physicians like transparency and honesty, and they appreciate follow-through and being told ‘why.’ As we build trust and credibility, they turn to us for solutions. It could be as simple as offering support for their staff to receive their competency training at the hospital or finding a synergistic partner to sublease space from their office. The standalone physician today is struggling to keep their overheads down and yet keep up with all the regulatory changes. We know this better than anyone as we are in the same boat being a standalone community hospital. So far, during the past year, the hospital has been successful in these recruiting efforts. Since April 2010, DMC has added over 74 physicians to its medical staff of 273. The primary goal for the DMC leadership team was to focus on meeting the specific health care needs of the community. With the recruitment of over 70 physicians, they have been able to meet those needs. “The cooperative relationship that Ms. Kumar has developed with the physicians and partners has made the turnaround a success story,” says Charles Heath, President and CEO of Metrocrest Hospital Authority.

Employees and Volunteers: The hospital’s leadership team strives to have fully-engaged employees. Everyone is motivated to work together to attain the goals of the turnaround. They are encouraged to look at ways to cut expenses and improve operational effectiveness. Over the last year, these efforts have been successful. For example, the hospital has recently signed a contract with HMS that will reduce information systems and communications costs by tens of thousands of dollars. By implementing a new Charge Master System and improvements in the Health Information System, the hospital has increased efficiencies in the admissions, billing and record keeping functions. By purchasing new radiology equipment, diagnostics have improved in quality and speed. DMC is also in the process of upgrading its seven OR surgical suites.

Another critical component in the transformation of the spirit d’ corps is Kumar’s philosophy of ‘management by walking around.’ Many CEO’s say it, but these are usually empty words. Kumar says it – and does it. She makes “CEO rounds” of the hospital every morning or afternoon. She knows employees and volunteers by name and takes an interest in the well-being of the patients and their families. “Our employees and volunteers are indispensable in providing the type of care we strive for. We want our patients to be provided with the best environment for health and healing and these wonderful people help us do just that.”

Patients and the Community: The leadership team and employees know and believe that the hospital’s primary purpose is to serve its patients and the community. Physicians, management and employees work together to provide the best medical care possible, and the hospital has been successfully transforming its culture over the past year to fulfill that goal. By continuing to improve its operations, equipment and finances it will be able to perform at the highest levels.

DMC also works to engage the community by offering educational programs and developing partnerships with businesses and community organizations. It is supportive of initiatives to improve the quality of life for the citizens in the communities it serves.

Dallas Medical Center is in a very unique position relative to its competitors. It is not owned by a large health care corporation, health system or county government. DMC is a physician-owned, physician-driven hospital that is being energized by its leadership team and employees to transform itself into a healthy, financially-viable institution. It is truly a “community hospital” making the turn for the better and a model for emulation elsewhere in the country.