

The Role of Business Education in the Orthopedic Curriculum



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KEYWORDS

• Business education • Health care finance • Health care economics • Orthopedic curriculum

KEY POINTS

- Business knowledge and education are important for success in orthopedics today.
- Practice management skills are vital for the creation of successful governance, contracting, financial management, and ancillary service development.
- Surgeons must be familiar with basic health care economic principles and the laws that surround them.
- Given the current status of the US health care system, value-based health care is the physician's moral and ethical responsibility.
- Understanding comanagement and gain sharing agreements is critical for hospital and physician negotiations.

INTRODUCTION

The field of orthopedics is becoming increasingly complex as the demands for success are not merely clinical competence and good interpersonal skills. Strategic planning, contract negotiation, health care law, practice management, health care economics, and personal finance are all needed skills to achieve stability. Unfortunately, most of these areas of professional growth require some basic background in business principles, 1 area that most recent residency graduates feel is neglected as a core educational competency. In these changing times, it is imperative that orthopedic residents and fellows obtain some formal business education.

Over the past decade, many graduates have taken hospital employed positions in part due to lack of business acumen and fear of running and maintaining a practice. The economic pressures on the health care system demonstrate that all orthopedic surgeons now find the need

for business training. New government programs for bundled payments, opportunities for gain sharing and comanagement, and the trend toward value-based health care all require understanding and attention from physicians. If orthopedic training programs and current practicing surgeons do not accept the responsibility of teaching and learning the business aspects of medicine, physicians will gradually lose control of medicine and place the fate of surgeons and patients in the hands of government and hospital administrators.

With this goal in mind, The Reno Orthopedic Clinic Trauma Fellowship was conceived in 2007, accepting the first fellow for the 2010 to 2011 educational year. As a core dimension of this fellowship program, the authors designed a basic business curriculum in conjunction with business administrators employed within their hospital systems and the Reno Orthopedic Clinic (ROC) administrative team. Twenty basic orthopedic trauma business topics were identified, faculty and objectives assigned, syllabus and

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reading materials suggested, and a faculty timetable created. The business curriculum is considered a critical element of the Reno Trauma Fellowship experience, occupying approximately 20% of the fellow's time. This syllabus has been published so that it can be used as a model for any orthopedic residency or training program.¹

The underlying principle throughout the curriculum is to provide an orthopedic surgeon with the practical knowledge to participate in cost-efficient improvements in health care delivery. Through the ROC Trauma Fellowship Business curriculum, trainees learn that delivering health care in a manner that provides better outcomes for equal or lower costs is not only possible but a professional and ethical responsibility. However, instilling these values without providing actionable knowledge and programs would be insufficient and ineffective. For this reason, the core of the curriculum is based on individual teaching sessions with a wide array of hospital and private practice administrators. In addition, each section is equipped with a suggested reading list to maximize the learning experience.

There is no question that business training has a role in orthopedic education, and its objective is to empower orthopedic surgeons to

- Participate in strategic planning at both the hospital and practice level based on analysis of financial and clinical data
- Understand the function of health care systems at both a macro and micro level
- Possess the knowledge and skills to be strong leaders and effective communicators in the business lexicon of health care
- Be a partner and innovator in the improvement of the delivery of orthopedic services
- Combine scientific and strategic viewpoints to provide an evidence-based strategy for improving quality of care in a cost-efficient manner
- Understand the political, economic, and strategic basics of employed and private practice orthopedics

DISCUSSION

Business Basics

Although the primary goal of the orthopedic surgeon is to provide health care, there is no question that health care is a business. Any individual involved in business must learn the basic vocabulary and principles to function effectively.

Surgeons make clinical decisions based on data and numbers. Businesspeople must make economic decisions based on data and numbers also. As members of the health care delivery system, physicians need to merge both clinical and economic decisions to be successful. Understanding generally accepted accounting principles and the interpretation of financial statements are necessary skills. It is imperative for all surgeons to read and interpret income statements, balance sheets, and cash flow statements in order to make credible business decisions regarding all aspects of their personal business. These 3 standard formats must be taught to evaluate the financial health of any entity or business decision.

The practicing orthopedic surgeon must have a sound knowledge of business fundamentals to be successful in the changing health care environment. Practice management encompasses multiple topics including governance, the financial aspects of billing and coding, physician extender management, ancillary service development, information technology (IT), transcription utilization, and marketing. Some of these are universal; however, several of these areas may be most applicable to the private practice of medicine. Attention to each component is vital to develop an understanding of the intricacies of practice management.

Governance

Understanding governance is key for any private or hospital-employed physician, because surgeons must know with whom to talk to obtain the correct information or outcome. Finding the decision makers is important to improve efficiency. All employees must understand the chain of command so that they know to whom they report and how to resolve problems as they arise. In a small private practice, this may be a simple decision tree; however, in a large private practice or hospital, the organizational chart can be complex. Depending on practice size, the practice may have several key employees serving the standard roles on major businesses such as the chief executive officer (CEO), chief financial officer (CFO), and chief operating officer (COO). It is important to understand the roles of each of these employees and their expectations.

Revenue Cycle Management

To understand practice financial performance, set measurable performance expectations, and monitor them, physicians should first understand revenue cycle management. They should

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