

# The Changing Roles of Medical Directors

By Stephen J. Kratz

Medical directors might have some difficulty recognizing their old position these days. Although the job title has remained the same, the responsibilities have changed dramatically.

Fifteen years ago, medical directors at health plans and insurance companies primarily served an internal role. Candidates for medical directors usually were physicians reaching retirement and seeking ways to stay connected to clinical practice without continuing to practice. Successful medical directors were thoughtful bridge-builders, concerned about case and disease management as well as the development of physician networks. Most of their work was directed internally within a staff or group model HMO. Their primary driver was keeping utilization down while maintaining quality of care.

Today's medical directors are a new breed of leaders, with a widely expanded range of responsibilities and a greater external focus. These evolving responsibilities include substantial involvement in strategic issues such as organizational direction, business structure and investment decisions and operational efficiency. In addition, day-to-day responsibilities generally include clinical performance, quality improvement, provider and patient satisfaction and medical informatics, among others.

Gerald J. Scallion, MD, medical director Metro New York for Aetna, notes that most health care plans today have traded a denial-based approach for a focus on developing best practices that lead to efficient, quality care. "These activities require the medical director to be able to move knowledgeably from utilization to medical economics to sales to network development. Those directors who can successfully do this are the future of the field," Scallion says.

Broadly speaking, 21st century medical directors need to be financially, politically and clinically savvy. On the financial side, they need to understand the fundamentals of financial statements, balance sheets and cash flow analysis. Capital financing and budget experience is also valued, as is the ability to keep focused on ROI.

Politically, they need to manage complex situations and relate well to people inside and outside the organization. When

conflict arises, for example, medical directors need to be able to listen to and understand the concerns of various team members, points out Dennis Batey, MD, senior vice president & chief medical officer, Fallon Community Health Plan (FCHP), Worcester, MA. "They need to work as a team to craft the solution that best meets the needs of the organization, help the team understand the rationale for the solution and oversee its successful implementation," he adds.

And from the clinical perspective, medical directors need sufficient experience to make medical judgments regarding appropriateness of care, length of stay and medical necessity. The ability to promote physician compliance with clinical pathways and protocols and develop quality improvement strategies remain important priorities today.

Based on my conversations with key medical directors, the following characteristics are among those crucial to achieving success:

## 1. The right credentials plus the right experience.

Yes, clinical and administrative experience is invaluable, but management credentials also matter. In the late 1980s and early 1990s, few medical directors had formal management training. At that time, health plans hired physicians coming out of practice who thought the business world looked interesting. While hands-on experience and political savvy served medical directors well in the past, the new generation must "learn the language of business stakeholders in a formal educational setting," observes Robert Mirsky, MD, vice president and chief medical officer for Gateway Health Plan in Pittsburgh, PA.

As a result, health plans prefer candidates with an MBA, MHA or MMM degree, as well as a medical or osteopathy degree and board certification. Medical directors now need working business knowledge at both a high level and a more drilled-down level, in addition to management skills. "While physicians may be used to being the 'captain of the ship' in the clinical setting, that is no longer the case in the corporate world," observes Ken Patric, MD, vice president and chief medical officer of Blue Cross Blue Shield of Tennessee. And

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while this knowledge base and skill set can be learned over time by accessing various live and online courses, Patric believes that acquiring them via a formal master's program is more efficient and also helps to document that training for a potential employer.

Increasingly, some physicians are choosing administrative management careers as early as medical school. The American College of Physician Executives supports the development of physician leaders through continuing medical management education, professional growth and recognition programs. However, a strong track record in clinical practice along with physician and administrative leadership remains important. "There is a huge credibility gap when you haven't walked both sides of the path," Aetna's Scallion notes.

## 2. Effective communication and relationship-building skills.

Medical directors need to develop and maintain working relationships with multiple internal and external stakeholders. Building strong customer relationships and maintaining them through responsive service is more important than ever as the industry becomes increasingly consumer-centric. They also must possess the leadership skills to positively influence others, promoting increased understanding of and alignment with organizational initiatives and desired outcomes.

"It's critical that the medical director be able to communicate clearly. This requires them to make sure their style and content is appropriate for their audience," says Batey. He notes that if a new technology is presented to the CFO, the medical director must focus on capital and operational costs, the impact on cost-of-care and premium trends over time and the steps required to install and manage the new technology — not the clinical pros and cons.

In addition to educating key constituents about the organization's programs, strategies and goals, medical directors need to work closely with marketing and sales teams to introduce new products and support sales activities. According to Scallion, virtually every finalist meeting comes down to two issues: money and medical capability, with the latter being the primary differentiator. "This is where a medical director who can relate to plan sponsors, members and the sales force is priceless," he explains. "A good 20-minute presentation incorporating real-life experiences, delivered by a person who can knowledgeably relate to all parties, will close most sales."

## 3. The ability to act proactively versus reactively.

Working collaboratively with multiple constituents, the medical director is expected to integrate medical expertise while managing their strategic and operational responsibilities. "Medical directors need to keep abreast of the standards of

practice and stay in touch with the physician community in order to manage the constant flood of new technology and the translation from evidence of clinical effectiveness to strategic medical policy," explains Gregory Preston, MD, chief medical officer, Cook Children's Health Plan, Fort Worth, TX.

To effectively accomplish these goals, medical directors must act as innovative change agents who drive continuous improvement.

## 4. Expertise in medical informatics and information technology.

Medical directors must also be knowledgeable about technology and comfortable using it. They need to know how to collect and manipulate data to guide informed decision-making. Strong data analysis skills that include the use of measurement tools for quality, efficiency/cost and utilization are critical. "The medical director reviews utilization data, generated from claims activity, and offers insight into wellness initiatives to improve overall health of the membership," Scallion says. "This collaboration is a cornerstone of top-notch medical management requiring the medical director to be at ease dealing with economics, sales, network, actuaries, and marketing."

In addition, medical directors must stay current with rapidly advancing health care technology options and propose implementation or expansion of such systems as computerized practitioner order entry (CPOE) and electronic medical records (EMR).

## 5. A big-picture perspective.

While medical directors clearly need to keep a firm grasp on the details of their health care organization, it is equally important for them to keep a sharp eye on the big picture in order to provide meaningful strategic input. A broad and deep understanding of health care delivery systems and market dynamics should be paired with a working knowledge of sales and marketing disciplines. Medical directors need to keep abreast of regulatory and accreditation standards, the implications of health care law, and delivery system trends.

The times have certainly changed, and so have the qualifications required for successful medical directors. In the current health care environment, the most effective medical directors combine clinical expertise and credibility with forward-thinking, hands-on management ability. They serve as vital links connecting and addressing the needs of customers, providers, physicians, administrators and other key stakeholders, influencing all aspects of health care decision-making.

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