The Evolution and Efficacy of Three Primary OB Hospitalist Models

The laborist model, as introduced by Dr. L. Weinstein in an AJOG editorial in 2003, defined laborists as OB/GYNs who were primarily responsible for the management of laboring women and emergencies in Labor and Delivery (L&D). These physicians were hired by hospitals or community provider groups to provide inpatient-only care of OB patients while community providers were responsible for the prenatal/outpatient care. This approach was designed to decrease physician workloads and improve patient safety. These objectives were met but this model never really caught on due to expense and billing compliance and coding problems.

The concept of OB/GYNs providing in-house patient care continued to be intriguing to many hospital administrators and OB/GYNs hoping to restore their work/life balance were equally intrigued with practicing this type of medicine.

An ACOG Committee Opinion states that, “it supports the continued development of the obstetric-gynecologic hospitalist model as one potential solution to achieving increased professional and patient satisfaction while maintaining safe and effective care across delivery settings.” They continued, “The probability and success of a laborist program will vary by hospital... No one approach will fit all situations. The costs of employing obstetric-gynecologic hospitalists may be offset by an increase in patient safety, improved documentation, lower liability payouts, and the ability to bill for the obstetric-gynecologic hospitalists’ services.”

ACOG’s support of the OB/GYN hospitalist movement greatly enhanced its acceptance across the country and many hospitals began to develop programs on their own while others sought the assistance of management companies to assist with the implementation and management/oversight of their programs.

The rapid expansion of the OB/GYN hospitalist movement resulted in many trial and errors with three primary models emerging:

- **In-house Model:** Utilizing existing staff OBs to perform limited OB/GYN hospitalist duties.
- **Physician Employment Model:** Direct hiring of physicians by hospitals that may or may not also have a private practice to perform a contractual list of OB/GYN hospitalist duties.
- **Management Company Model:** Hospitals contracting with outside companies to recruit OB/GYN hospitalists who provide a wide array of services, implement the program, oversee its operation, etc.

These 3 models have varying levels of appeal to different hospitals and support ACOG’s assertion that no model or approach will work in all situations.
The In-house Model exemplifies a “minimalist” approach. It does not require physician recruitment and maintains the “status quo.” It requires less of a financial investment at the onset of program implementation and it affords the staff OBs an opportunity to earn additional income by performing these services.

However, this model has many disadvantages. In particular, these physicians often have conflicting roles and poorly defined responsibilities. Most of the time, these doctors are also simultaneously caring for their private patients while performing OB/GYN physician duties. This situation puts them in a state of inherent conflict determining which patient be given the highest priority and makes them susceptible to being over-extended. These physicians do not typically evaluate or manage the patients of other staff OBs but respond only to emergencies. When they do interact with patients of other private practitioners, the situation is often intrinsically competitive and it’s not uncommon for patients to transfer their care to the OB/GYN that cared for them in time of a crisis. On top of the per diem stipends received from the hospitals, the professional fees are typically billed and collected by the physicians so hospitals are limited to collecting only facility charges. The providers are often from competing private practices with the programs having no consistent managerial oversight. This leads to potential problems with patient care continuity. These programs typically place no emphasis on business development since there is little incentive for the hospitalists to take on additional responsibilities while on duty as this could sabotage their private practice productivity or call coverage effectiveness.

The Physician Employment Model is currently the most common program in the US. This model enables hospitals to have complete control over the programs without paying fees to outside management companies. They can also reduce the cost of professional liability insurance premiums for the providers if the hospitals are self-insured. This model enables the hospitals and OB/GYN physicians to negotiate a specified list of contracted duties that are to be performed and professional competition can be eliminated if the providers are not allowed to participate in a private practice.

This model can prove to be extremely expensive along with many other potential disadvantages. The high cost of these programs is primarily due to the salaries and employee benefits paid to hospitalists as well as flawed billing practices and inadequate business development initiatives being implemented resulting in decreased revenue generation. Some states restrict or even prohibit the direct hiring of physicians by hospitals so specific 503-C business entities must be formed, managed, and paid for in order for physician employment to occur. Many hospitals simply do not have much experience when it comes to hiring doctors and this can lead to costly mistakes and an increased level of physician turnover. The recruiting and vetting of physicians can be quite difficult and time consuming. Hospitals often lack the ability to consistently hire and retain highly-qualified OB/GYN physicians or oversee the programs from a managerial perspective due to shortages in manpower/inadequate administrative infrastructure as well as a lack of experience or expertise in this specific area of practice management. Therefore, many facilities end up hiring outside consultants to help with these tasks at a considerable cost and many of the employed physicians are not well received by the other members of the OB staff when it comes to patient care related issues because they are often perceived as “agents” of the hospital. It is also often difficult for these programs to replace hospitalists in a timely fashion because they do not have a pool or network of providers to call upon. Many hospitals also eventually find that the task of terminating or replacing a physician quite arduous and expensive as well as subject to litigation. The OB/GYN physicians are also in a difficult situation should the program be terminated because programs are often specific to a particular hospital without any type of associated network. Therefore, unemployment/loss of income becomes a real possibility, something typically not experienced by most physicians during their professional careers. Hospitals can also be overly
intrusive with regards to patient care decisions since certain medications, protocols, clinical practices, etc., are more cost effective for the hospital.

The Management Company Model will typically yield the programs that are most comprehensive in scope. They are usually the most expensive at the start of a program because of fees being charged to the hospitals for costs related to the implementation and onboarding processes. However, they are also the programs most likely to promote business development initiatives to improve revenue generation and program utilization over time. They also benefit from reduced insurance premiums. OB/GYN hospitalists hired by these companies will typically not be in private practice so they won’t be viewed as rivals and as such are much better received by their peers. Instead, their support and assistance will be viewed by most as a valuable asset. The scope of coverage for these physicians is not selective as they typically provide support and assistance and respond to emergencies for all members of the OB staff. Ultimately, however, the success of these programs has a great deal to do with the quality and experience of the management companies that have contracted with the hospital to implement and manage the program. Many management companies in the OB hospitalist industry began as physician recruitment or staffing solutions for hospital-based physicians in other specialties. These companies simply added OB/GYN hospitalists to their list of available specialists but don’t focus exclusively on OB/GYN hospitalist programs or specifically develop programs to maximize the effectiveness of these hospitalists. Failures in this area of management and oversight have led to program performance metrics and results that were far less favorable than those projected or advertised during the contract negotiating process with a resultant lack of trust and increased level of dissatisfaction for this type of model.

One management company clearly stands out as being the leader and best choice for hospitals considering the assistance of a management company to develop and manage their OB/GYN hospitalist program: Ob Hospitalist Group (OBHG). OBHG leads the industry in developing and managing in-house OB/GYN programs with over 50 programs in 20 states nationwide. OBHG, founded by Dr. Chris Swain in 2006, is much more than a staffing solution. A universal feature and cornerstone of every OBHG program is the Obstetrical Emergency Department (OBED). Dr. Swain is considered the pioneer of this concept. The OBED is a considerable source of revenue for hospitals because billing for these services yields much higher levels of reimbursement than services performed in an out-patient treatment or evaluation area such as the traditional L&D triage area. It also ensures that all OB patients are seen and evaluated by a Board Certified OB/GYN in L&D before being discharged. The OBED component has been part of every OBHG program since its inception and according to Kevin Guion, OBHG’s President, “The OBEDs have truly gone a long way in helping OBHG to achieve its mission of elevating the standard and improving the quality of women’s health care.”

Several aspects of OBHG’s programs are unique and innovative. These are vital for the well-being of the programs and they are continually re-evaluated and refined over time to be even more effective as OBHG uses its collective, corporate experience to incorporate the best and most successful practices from specific programs into its larger network of programs. Hospitals that employ the in-house or physician employment models miss out on this valuable advantage. This unique aspect of OBHG is analogous to what occurs within the OB/GYN discipline itself. OBHG has developed “best practices” or standards of care due to the collective knowledge base, experience, and research of its members. A groundbreaking discovery can occur from anywhere within obstetrics. However, without a network to disseminate the information, this discovery would remain isolated and never get implemented or utilized anywhere else.

According to Pete Murray, one of OBHG’s Regional Business Directors, “OBHG’s ability to incorporate its best practices into all of its programs ensures that all of our partner hospitals are getting the benefit of its entire network of intelligence, experience, and research. OBHG’s corporate infrastructure is designed specifically to meet its objectives.”
With over 120 support staff in its corporate office, OBHG is able to excel in the management of its programs with special emphasis being put on vital functions such as:

- Billing/collection practices
- Coding compliance
- Recruitment/extensive vetting of physicians prior to presenting them as candidates
- Assisting the hospital’s administration and staff OBs in final team selection
- Patient safety/risk management strategies
- Continuing medical education for its physicians
- Hospital/OBHG/physician relations
- Creating and providing hospitals with relevant data analytics
- OB/GYN hospitalist retention
- Assisting partner hospitals to generate new or enhanced sources of revenue
- Tracking of performance metrics

In conclusion, currently three primary models dominate the OB/GYN hospitalist industry. However, multiple variations to these models exist and hospitals continue to resist prototypes while seeking out customized solutions in order to promote and positively impact their women’s health care service lines. SOGH and OBHG are the dominant forces and the management company model holds the most promise for a successful, comprehensive OB/GYN hospitalist program with OBHG being paramount among all hospitalist management companies and the only dedicated OB/GYN hospitalist provider.

We invite you to discover more about OBHG and the advantages that our customized programs deliver to our partner hospitals, physicians and patients by visiting www.OBHG.com or contact an OBHG representative today via Programs@OBHG.com or 800.967.2289.

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