ICMR
IBS Center for Management Research
www.icmrindia.org

CLSM/045

IBS Center for Management Research

Resource Constraints, Clinical Protocols, and Conflict in a New Hospital Location

*This caselet was written by **Manjul Menon,** with the guidance of **Ramalingam Meenakshisundaram,** IBS Center for Management Research. It was compiled from generalized experience, and is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.*

To order copies, call +91-8417-236667/68 or write to IBS Center for Management Research (ICMR), IFHE Campus, Donthanapally, Sankarapally Road, Hyderabad 501 504, Andhra Pradesh, India or email: info@icmrindia.org

www.icmrindia.org

ICMR
IBS Center for Management Research
www.icmrindia.org

CLSM/045

Resource Constraints, Clinical Protocols, and Conflict in a New Hospital Location

Bangalore Dr. Jaya Bhatt (Dr. Jaya) said, "What lovely shoes you are wearing!" The little girl glanced down with pride at the shoes she had just kicked off. "My mother gave it to me for my birthday," she said and scrambled on to the examination table and subjected to being probed and prodded. "Say ahh..hh.." the paediatrician said and examined the little throat. She turned to the parents and said gently, "There is some inflammation - it is likely to be the usual...but we will take a throat swab to be on the safe side." Dr. Jaya watched the little girl scramble down and pull on her new shoes, and then walked back with her to the desk. She keyed in the diagnostic information and drug prescription at the desktop computer while maintaining a steady conversation with the anxious parents. Both the parents were software industry professionals and they were visibly worried about the probability of a swine flu attack. The veteran paediatrician reassured them by contrasting the clinical symptoms of the dreaded outbreak with those of their daughter and they visibly relaxed. She directed them to the laboratory to get the swab done and saw them out.

*****

About twenty minutes later, the family returned apologetically. The laboratory had sent them back to Dr. Jaya. The desk phone rang: it was the laboratory. The laboratory technician reminded Dr. Jaya that clinical protocols in CareServ Hospitals were absolutely clear that the throat swab in such instances should be taken by the concerned consultant. Dr. Jaya was supposed to do so, and leave the sample at the Nurses Station nearest to the consultation room in the Out-Patient Department (OPD), for collection by the laboratory. Her mouth tightened as she listened; but when she put down the receiver, she appeared cheerful and made the little girl laugh as she prepared to take the swab.

At the close of the consultation, Dr. Jaya gave the parents her mobile phone number and a business card of her own clinic. She told them to call her on that number and consult her at her clinic if that was more convenient for them. The hospital policy explicitly discouraged such canvassing: patients who requested a consultant for a contact number were supposed to be told that they were to contact the hospital, which would then do the needful. Dr. Jaya wondered at herself as she broke this rule and realized that she was more annoyed at the clinical protocol (based on which the laboratory technician had made her take the little girl's throat swab) than she had realized. She thought there were several reasons for her annoyance, including her professional ego.

*****

Like many specialist-consultants in the medical profession, Dr. Jaya was now unused to doing routine tasks. And such tasks cut into the time she had for examining patients and addressing the concerns of patients or those who accompanied the patients. These tasks would lead to her taking more time per patient in a way that did not offer the patient any additional benefit from the consultant; a trained laboratory technician who routinely performed various tests would probably be quicker and gentler and provide a better experience for the patient. The extra time entailed by such procedures could affect the number of patients she could see in her three hours at the hospital and thereby impact her earnings. She did not expect any significant revenue loss at that point of time, given that this was a new hospital in a growing suburb and the patient flow was still below

expectations. But she promised herself that she would keep a close watch on that angle in the next few months. If there was any adverse effect, she would need to review her association with the hospital. She also decided to talk to other consultants about their response to this particular clinical protocol, which she strongly believed was both unusual and unwanted.

*****

This hospital in Bangalore was the latest addition to the chain of CareServ Hospitals, and had commenced operations only two months ago. In spite of the reputation the chain had acquired in the last seven years, this particular hospital was experiencing significant teething problems. While it was positioned to become the leading tertiary care hospital in that part of the city, it was proving to be a slow starter. It was located in a fast-growing suburb where connectivity with the older parts of the city was still in the works. This contributed to the difficulty in getting specialists to empanel with the hospital. Most of those who expressed interest were young practitioners who still had to establish themselves. And they did not meet the recruitment norms of CareServ Hospitals, which required that applicants should have passed out of one of the top ten medical schools in the country and should possess a minimum of ten years of relevant clinical experience after post-graduation.

This new hospital was the first instance where there was an insufficient number of eligible applicants for various specialities. The headquarters was forced to make suitable relaxations to the HR policies. CareServ Hospitals was by then sufficiently well-regarded in the country that it no longer needed leading specialists to initially bring in patients who asked for them by name. And the hospital chain now had recognition enough in the health care market to be able to offer practitioners the chance to grow with the hospital. What it had to ensure was that they were qualified, competent, and committed to the organization's success.

*****

For this new hospital in Bangalore, CareServ Hospitals had expanded the recruitment pool to include graduates from second-rung medical schools and with fewer years of relevant clinical experience after post-graduation. But the rigor of the selection process had been increased by including written tests and in-depth interviews which added to the time, money, and efforts expended in this process. While the new recruitment process enabled them to get people of good quality, these were largely doctors who had neither established practices from where they could refer patients nor association with other well-known hospitals. They would, in fact, use their association with the CareServ Group to build their practices.

However, the management saw some advantages too. These doctors were typically easier to work with in terms of their willingness to work longer hours, and they agreed to a slightly lower compensation package. As the volume of work was expected to be lower in the initial stages, there was also the opportunity to try innovative practices. The clinical protocol that envisioned consultants doing preliminary tests, that so riled Dr. Jaya, had been an offshoot of this thinking.

*****

Inevitably, the news that consultants were unhappy with this and other similar diktats, reached the ears of the Hospital Administrator, Rajagopalan Sadanand (Sadanand). Because he was not a doctor but a graduate in Hospital Administration, the issue was perhaps even more sensitive. The first thing doctors would say was that there should be a doctor in the administrator's post because only a doctor would understand how doctors function. He knew that he was not going to have an easy time sorting this out. While he had anticipated the problem earlier, he had decided to wait to act until the issue was out in the open.

Sadanand knew that the management at the corporate office in New Delhi had its own compulsions for this and other innovations. Analysis of patient records and financial data from the first few hospitals in the chain had shown that in the period before a new hospital reached break-even, fixed costs such as that of a full-fledged laboratory, contributed to significant cash outflows.

The decision to have a phased growth of departments of future new hospitals in order to minimize avoidable cash outflows had been taken well before the Bangalore hospital was opened. Given this background, the laboratory at this hospital was still incomplete. Equipment to handle routine tests was, of course, in place. However, the laboratory had only two full-time employees -- a radiologist and a medical lab technologist. The other two technicians were part-time employees, and they were required to be present only for six hours a day. This headcount was a fraction of what was required in a full-scale laboratory such as the one in the flagship CareServ Hospital at New Delhi. The team was able to cope with the present workload and test reports were made available within stipulated timeframes. But the laboratory did not have enough manpower to take patients' samples round the clock.

Given the imperative of saving on salaries of employees who would be idle for a substantial part of the day given the expected initial low utilization of hospital services, alternative ways of taking samples had to be found. Low utilization of services also meant that while consultants were required to be present for OPD consultation for a set number of hours, they were without patients for some of that time. Given the low patient turnout, the option of having them take samples had been discussed and finalized at the corporate office. That most of the doctors were young and needed the hospital in establishing themselves was expected to make them more willing to comply with hospital policy and less willing to challenge it.

In practice, some of the consultants were directing patients to the laboratory and patients were being sent back in line with the clinical protocol. This raised tempers of all three parties involved in this exercise. The laboratory personnel repeatedly faced the situation of having to deal with the patients who were not supposed to come to them in the first place, redirect them to their consultant, call the concerned consultant, cite hospital policy, and firmly request him/her to do the needful. They also had to pacify patients and their attendants, some of whom were very vocal about the inconvenience of going back and forth. The laboratory personnel complained about this issue in staff meetings. The consultants had not yet publicly articulated their point of view, but their behavior was a sufficient indicator of their line of thinking. It seemed time for Sadanand to intervene.

*****

Sadanand talked to the Front Office Manager and had a meeting with the Front Office staff to hear their perceptions of customer feedback about the whole issue. He also met with the Nursing Superintendent and the nurses at the Nurse Stations in the OPD areas where the consultation rooms were located, to understand their perceptions of consultants' response to this policy. Next he stepped up his practice of informal meetings with consultants. He did not actively bring up the topic of concern but concentrated more on rapport-building. If the topic arose, he listened and asked questions.

From his conversations, Sadanand found that the main concerns were those of professional ego, perceptions of what was within the purview of a consultant and other medical and paramedical staff, and concern about reduction of earnings if fewer patients were seen. It was a sensitive issue, and Sadanand had to avoid a confrontational situation with any consultant. That would harden positions and create divisions within the hospital and ultimately impact patient care. It would also have a negative impact on his appraisal and career.

Sadanand wondered as to how he could operationalize hospital policy in a smooth manner and with voluntary compliance from the consultants. Should he opt for a carrot-and-stick approach after taking approval from the Corporate Office?

Questions for Discussion:

1. In the context of the Bangalore unit of CareServ Hospitals, critically analyze the interlinkages between financial management, marketing management, operations management, and human resource management in the formulation and implementation of policies for hospital administration.
2. Comment on Sadanand's role and his approach to the conflict in the first two months of the hospital's operations. Could he have proactively prevented the conflict from impacting service delivery to any patient? How?
3. Suggest alternative solutions that could be adopted to resolve the conflict satisfactorily and meet the short-term and long-term objectives of the organization. Evaluate the pros and cons of each alternative. If you were in Sadanand's position, which alternative would you recommend? Why?