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## University Hospital Business Model Best Practices



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Business intelligence firm, Healthcare Business International, published their insights on best practices in running a university hospital business. They interviewed eleven senior managers in European hospitals across six countries about the intricacies in running these businesses. Their insights are summarised below.

### Goal Setting and Strategy

The most common goals of university research hospitals are advancing:

1. Research
2. Education (of the next generation of doctors and nurses)
3. Complex care delivery

Some hospitals additionally support:

4. Social good
5. Healthcare innovation

Many university hospitals have detailed five-year plans addressing these goals. Good plans should have goals clearly stated, be bought into by everyone, and consider the long-term (10 - 50 years). Proactive decision-making should encompass grow, stick, or disinvest approaches to increase the organisation's global ranking. Trends observed in larger university hospitals focus on big growth areas like cancer, cardiology, paediatrics, and population health management. Compared to the past, university hospital systems now tend to approach private enterprises for partnerships actively.

### Implementation

To achieve these goals, buy-in by senior staff and key players is necessary to create a shared institutional intent to facilitate cultural change successfully. To do this, university hospitals should engage their staff in strategy formulation. Typically, this involves a consultative process with many university hospital managers, often involving external consultants to conduct this process.

Many large university health systems have restructured around function and purpose to eliminate inefficiency and redundancy. A myriad of departments is often restructured into fewer centres, which provides less fragmented patient care. Furthermore, a significant effect of creating centres is 'breaking silos', which a disconnected departmental structure supports. Also, giving nurses more autonomy and redefining IT staff's role helps bring about sweeping changes because many micro changes are needed as support.

Regarding department heads, the past expectations were that heads consist of the most successful researchers appointed for life. Since department heads manage research, training, and financial performance, only persons who are good with people and organisation should be considered for the role.

Many organisations have realised that lobbying can accomplish systematic changes to healthcare systems, which can help university hospitals in applying their medical expertise. An organisation's physical proximity to governing bodies can provide good access to health ministries and

insurers and increase influence.

Staff should have standardised contracts. Physicians in research departments often receive contracts that differ from those in acute care. Many hospital physicians also have private practices. These contracts should be replaced with standardised contracts that prohibit running a private practice on the side and contain identical terms and conditions. Doing so can have the effect of reducing resentments over terms and conditions. Clarifying positions has functionally had the impact of increasing staff autonomy.

Size matters since larger players carry more influence. Thus, to counter intense national competition, one solution pursued by university health systems is to create bigger organisations by swallowing neighbours in order to address a much wider field of medical research.

University research hospitals goals can be advance by levering partnership opportunities and IP. Better research requires greater resources, which can be garnered through partnerships with life sciences, medtech, and other hospital groups. There is a traditional distrust of corporate involvement in healthcare often due to opaque pricing strategies.

One solution for hospitals is to reward medtechs for equipment cutting costs and boosting outcomes. This approach's weakness is that the medtech may ask for management control if the value does not appear. An alternate approach for large organisations is to leverage their size as an influence to direct partnerships and research foci (rather than the medtech). Partnership opportunities can be formed by enlarging the clinical trial programmes. Partnerships with speciality-focused private healthcare clinics can bring in eternal expertise.

Supporting university start-ups with IP can fulfil the university research hospital mission goals, but it is essential that the IP process move smoothly to prevent time wasted over IP conflicts.

**Source:** [Healthcare Business International](#)

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