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Starling Physicians' businessman CEO choice underscores corporatization of healthcare industry



Starling Physicians' top executives include: (from left) Board Chair Dr. Sarit Patel, Chief Medical Officer Dr. Michael Posner, CEO Jim Faircloth, Chief Administrative Officer Tracy King, and CFO Gary Golliher. PHOTO CONTRIBUTED

BY NATALIE MISSAKIAN
FEBRUARY 6, 2020

When Starling Physicians decided late last year to appoint businessman Jim Faircloth as its new CEO, it wasn't just a leadership change for the multispeciality medical group. It was a paradigm shift.

As one of Connecticut's largest physician-owned groups still standing in an era of mass consolidation, Starling has billed itself as a more personalized alternative to the large hospital-owned practices that have become the norm around the state in recent years.

And for its seven-decade history, it's always been led by one of its own — a practicing doctor who doubled part time as the group's top executive.

But amid an increasingly complex and competitive healthcare landscape, Starling's executive team realized the old way of doing things was no longer working, and that it could benefit from a full-time businessperson at the helm.



So last summer, the partners approved a bylaws change allowing its board to hire the group's first-ever non-physician CEO, paving the way for Faircloth, a veteran medical-group practice executive from North Carolina, to assume the role on Jan. 6.

"There was a psychological or emotional component to it where we had to let go of the model that we cherished in our hearts," said Starling Chief Medical Officer Dr. Michael Posner. "But in real terms, I think it's going to be good for us. It's going to put us in a good position as physicians to be able to keep doing what we do, and to be competitive with all the forces around us."

The decision comes amid a growing shift in health care toward corporatization, a transformation fueled by mega-hospital mergers, the rise of retail pharmacy clinics in drugstores like CVS and Walgreens and an increasing number of independent physicians being absorbed by hospital systems, larger physician groups or even insurance companies.

Many of the same dynamics behind those changes also played a role in Starling's leadership shift. Posner said it was becoming increasingly difficult — in fact, near impossible — for a part-time physician CEO to handle the mushrooming administrative and regulatory tasks, spurred in part by passage of the Affordable Care Act a decade ago, while still devoting ample time to their patients.

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The group also needed someone with the business savvy to negotiate with payers and shepherd the group's transition away from solely fee-for-service reimbursement toward a mix of new payment models that reward doctors for better health outcomes and cost savings.

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of our physicians aren't trained in," Posner said.



Angela Mattie, Professor of Healthcare Management, Quinnipiac University

Reviews are mixed about how the growing corporatization trend is impacting care and healthcare costs. Angela Mattie, professor of healthcare management at Quinnipiac University, said having a trained business person at the helm could keep costs down and create a better working environment for doctors, which in turn helps patients.

"Health care is a business and that's not a dirty word," she said. "We want to make sure that we get the best value in the healthcare system, so we want to provide the safest care at the lowest cost. To do that you need good clinical people and you need good business people."

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Ellen Andrews, Executive Director, Connecticut Health Project

But Ellen Andrews, executive director of the nonprofit Connecticut Health Project, an affordable healthcare advocacy organization, is wary about Starling's leadership change.

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She worries about corporate CEOs putting profits ahead of patients, and potentially interfering with the doctor-patient relationship.

"I'd like to think that my doctor has my best interests at heart and I wouldn't want anything to come between that," she said.

The Connecticut State Medical Society has raised similar concerns about physicians ceding their autonomy, but the organization also recognizes that physician groups and practices need to adapt to survive, said acting Executive Director Ken Ferrucci.

"It's a new day, but we want to make sure that physicians are still making the decisions about the best way to take care of their patients," he said. "Knowing Starling, I can guarantee you that they probably did an exhaustive search and chose the greatest person that they could to run the administrative side."

Healthy patients and bottom line

Faircloth, who spent the last 10 years as the head of Pinehurst Medical Clinic, a physician-led multispecialty group practice based in North Carolina, said his top priorities in his new role are improving patient engagement and satisfaction while increasing services and lowering costs through better efficiencies.

He said he will also focus on pursuing new revenue streams, recruiting new doctors, improving physician satisfaction and exploring partnerships with other healthcare providers.

He rejected the notion that high-quality patient care and a healthy bottom line are mutually exclusive.

"Patients have a choice these days, so you're really treating the patient as a customer," he said. "Providing quality health care is all about engaging the patient, and that drives the bottom line."

Posner said the leadership change doesn't mean the medical group, which includes 248 physicians in 32 locations, is giving up physician control. He said the CEO still answers to Starling's board, which is made up entirely of Starling physicians. The group was formed three years ago following the merger of Grove Hill Medical Group and Connecticut Multispecialty Group, founded in 1947 and 1996, respectively.

"Our goal is to remain a physician-owned and physician-run practice," said Posner. "That said, given the changes in the healthcare landscape nationally, you have to find some middle ground where you can do all the things you have to do to comply with the federal regulations and yet still have the feeling of a private practice. That's the sweet spot we're going for."

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