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From this week's *Crain's*: Oakwood physicians sign deal with Olympia Medical

By Michelle Martinez

One month after **Oakwood Healthcare Inc.** announced its affiliation with the **Wayne State University Physicians Group**, Oakwood's physicians have announced one of their own.

"I'm not here to work against Oakwood," said **United Oakwood Providers P.L.L.C.** Chairman and CEO Yasser Hammoud. "But they leave us no choice but to look outside of the system."

United's deal, signed last week with the Livonia-based **Olympia Medical Services P.L.L.C.**, creates a network of almost 1,500 physicians worth at least \$500 million in annual insurance premiums, and gives both groups a broader choice of hospitals to send patients.

"We wanted to put the organizations on an even table with the insurance companies and hospitals ... to precipitate a better deal," Olympia Medical Director Randall Bickle said.

Olympia represents about 500 private physicians affiliated with **Garden City Hospital** and the Farmington Hills-based **Botsford Health Care Continuum**.

Oakwood COO Joseph Diederich said that the system considers the Wayne State affiliation, which ties its 700 physicians and 1,000 residents and fellows to Oakwood, a boost to its medical talent and prestige, which likely will bring more patients to its doors. That, he said, benefits everybody.

And, he said, expanding United's territory could also bring more patients to Oakwood. If United can refer patients to Botsford or Garden City, Olympia can refer them to Oakwood.

The number of patients Oakwood discharged dropped slightly to 59,226 from 59,632 during 2005. The system reported operating income of \$19.6 million on revenue of \$902.5 million for 2005 compared to \$25.1 million on revenue of \$859.1 million for the year before.

Hammoud said while he always intended to affiliate with other groups, the Wayne State announcement pushed United's hand.

"The physicians are (telling us) that it's competition and that it's a control issue (with the administration)," Hammoud said.

Oakwood has a 33 percent interest in United.

Oakwood still is hashing out how many Wayne State physicians and residents will come to Oakwood, Diederich said. The two announced in June that they have filed a joint application for an orthopedics residency program slated to begin next year.

"Wayne State would be practicing here and, we hope, would be bringing some business to our campus," he said. "But it would be increased above and beyond (our current) patient load."

Hammoud said that he hoped that was the case, but creating a bigger group was still necessary to protect the interest of the physicians.

In a potential twist, Hammoud said that United was talking to Mike Duggan, president and CEO of **The Detroit Medical Center** about a possible affiliation for specific programs at **Children's Hospital of Michigan** and the **Rehabilitation Institute of Michigan**. The WSU physicians made their deal with Oakwood during lengthy contract negotiations with the DMC, its primary affiliation.

Duggan declined to comment, saying only that Hammoud was "a good friend."

United and Olympia aren't the only physicians' groups looking for strength in numbers, said Greg Mertz, president and CEO of **The Horizon Group**, a Virginia Beach, Va.-based health care consultancy that specializes in physician group and hospital affiliations.

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Lower government and insurance reimbursement, along with higher overhead and malpractice coverage fees have left many groups "casting for a safe haven in really troubled times," he said.

Olympia was formed almost three years ago by merging the **Botsford Medical Group** with the **Garden City Professional Staff** to boost their presence, Bickle said.

All of that points to a more-urgent need for physicians to have a "strong voice," said Steven Grant, president and CEO of **United Physicians P.C.**, a Bingham Farms-based group that represents about 1,700 doctors, primarily affiliated with **Beaumont Hospitals**.

"Any hospital is not going to look out for the interests of the private physicians and the individual doctors don't have the expertise to do it on their own, unless you have a strong organization that is able to get the best contracts," he said.

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