





DOCTOR OF MEDICINE, MASTER OF BUSINESS

Michigan's M.D./M.B.A. program bridges the clinical and the managerial to prepare tomorrow's health care leadership

by Jeff Mortimer
photos by Martin Vloet

Even though he wasn't a patient there, Neilesh Soman found himself seeing things more clearly after spending three weeks at the Aravind Eye Care System in Madurai, India, last spring. One of three students who will soon become the first alumni of the Medical School's joint M.D./M.B.A. program with the U-M School of Business Administration, he calls it "a life-changing experience, both personally and professionally."

The System's group of Aravind Eye Hospitals was founded a quarter of a century ago by Dr. Govindappa Venkataswamy, who still guides it. Its mission is the elimination of needless blindness, caused principally by cataracts, in the state of Tamil Nadu, and it uses revenues from the one-third of its patients who can afford their care to subsidize treatment for the two-thirds who cannot. Aravind's five hospitals not only perform more cataract surgeries by volume than anywhere else in the world, but also produce their own high-quality, low-cost intra-ocular lenses for use in cataract surgery. The money which once flowed out of Aravind as profits for lens producers now helps finance its charity mission.

Soman and several other M.B.A. students comprised a team that was in India under the aegis of the Business School's International Multidisciplinary Action Project, a degree requirement that resembles a third-year medical student rotation in that teams take concepts learned in the classroom and apply them in a "real world" setting. They were there to advise Aravind's administrators, most of whom have been around since its inception, on leadership development, organizational empowerment, and adopting effective business practices from other industries.

"I hope our team had something to offer to the Aravind organization," says Soman, "but we took away so much ourselves that it would have been nearly impossible to contribute as much as we gained. The individuals we came in contact with had such a passion and dedication to their mission. In combination with that, they were using a lot of great management techniques and practices. It really made you think about what kind of impact you could have on the people and on the world by combining medicine with some innovative management practices." ➤

Illustration: Erin Daniels



Which is more or less the idea behind the M.D./M.B.A. program, in which students complete the first three years of medical school, take a leave of absence and enter the first year of business school, then spend the first half of the fifth year completing medical school and the second half finishing business school. Both degrees are awarded at the end of the full five years. It's one of several initiatives by the Medical School, School of Business Administration and School of Public Health, designed to effect what Soman calls "a better bridging between the clinical way of thinking and the managerial way of thinking."

"[The M.D./M.B.A. program] gives you a broader view of where being a physician fits within the world of business, within the national economy, and that allows you to consider choices that you didn't consider before ... You look at everything that happens in the hospital differently." —Ashu Tyagi

The necessity for that connection has become hard to ignore. America's health care costs reached \$1.3 trillion in 2000, accounting for 13.2 percent of the country's gross domestic product. Many medical centers, especially academic ones in urban settings, are hemorrhaging red ink. Horror stories about insurers and HMOs abound. The cost of prescription drugs has become a political hot potato.

"We've got to do it differently," says Paul Taheri, M.D., M.B.A., assistant dean for academic business development and chief of Trauma Burn Emergency Surgery. He and David Butz, Ph.D., a health care economist on the General Surgery faculty, are co-directors of both the U-M's Center for Health Care Economics and the M.D./M.B.A. program. "Your share of the GDP just can't go up every year," says Taheri. "Real change is only going to come from the people doing the work, the clinicians, and to do that, we need the tools to do it, which would be business tools."

Toward the end of acquiring these tools, more than 500 physicians, nurses, residents and administrators have already

taken one- and two-day "mini-M.B.A." courses offered by the center, and there's been a steadily growing flow of faculty and administrators enrolling in the executive M.B.A. program. "The traffic of people coming over from the health system to get their M.B.A.s has picked up smartly in the last few years," says Butz, who taught at the Business School before moving to his present position in Surgery.

The tide is rising nationally as well. A survey conducted for the American College of Physician Executives concluded that "business degrees are

viewed as a tie-breaker for physicians today who seek [management positions], but within 10 years these credentials won't be extra — they will be required." The percentage of physicians in management positions who reported having an M.B.A. rose from 0 percent in 1979 to 9.4 percent in 1995. And U-M's joint M.D./M.B.A. program is at least the 37th in the nation.

Although Michigan clearly didn't start the wave, it does intend to ride it. "Our goal is to become a national center for teaching clinicians about health care leadership," says Taheri. "What we're really talking about is a cultural change. We're creating a little nexus of people who are engaged in this very actively. We're the place."

Ashu Tyagi, also a member of the student trio comprising the first M.D./M.B.A. class, echoes fellow-student Neil Soman's "life-changing" description in his assessment of the experience. "For me, it's not so much about the training it's given me, it's about the perspective it's given me," he says. "You enter into this for a year and it gives you a broader view of where

being a physician fits within the world of business, within the national economy, and that allows you to consider choices that you didn't consider before. It's sort of like reading a life-changing book. You look at everything that happens in the hospital differently."

Barry Rosenberg, the third member of the pioneering class, is regarded by his associates as the program's founding father, or at least its midwife. He's the one who took the bull of initiative by the horns of paperwork, found advocates on the faculty, and essentially got it off the ground.

"The M.D./M.B.A. program was originally driven by the medical students," says Taheri. "They did a lot of work — predominantly Barry, who actually approached me and said, 'We need a little political push.'"

"By the time Barry came to us, he had already written up a pretty polished business plan for initiating the program," says Butz. "Paul Taheri and I took more of the credit than we deserve. Barry Rosenberg did the bulk of the work, and it went through effortlessly."

Rosenberg completed what he modestly calls "an internal kind of consulting project" for the hospital's Survival Flight program. He mined the Health System's database to learn that "Survival Flight patients accounted for 3 percent of admissions to our hospital but they generated 16 percent of the revenue and consumed 22 percent of all the ICU days. Everybody knows helicopter patients are critical patients, but this study documented just how high the resource consumption is with aeromedical patients. The challenge was how to make this outstanding service not just outstanding but break-even, or even profitable."

In addition to his research, Rosenberg interviewed pilots, flight nurses, Survival Flight managers, and aeromedical experts, and made 13 recommendations to hospital Executive Director Larry Warren for rationalizing the pricing model, lowering training costs, improving the billing and collections process, and increasing the clinical



David Butz and Paul Taheri

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utilization of the aircraft. Briefly put, they were adopted.

“We call them the ‘Rosenberg recommendations,’” says Taheri. “This speaks not only to Barry’s talent but also to the fact that this institution receives evaluations and reports in a very positive way. When he was done with his analysis, Larry Warren said, ‘Fine, we’ll take Barry’s recommendations and do it,’ and they did, and the service is the better for it.”

“The helicopter program lost money in fiscal year 2001, but it’s on pace to break even in fiscal year 2002,” says Rosenberg. “We feel that patients are the biggest winners here, to the extent that a fiscally sound Survival Flight is able to keep its third helicopter and serve the citizens of the state of Michigan better.”

Achievements like the “Rosenberg recommendations,” in Taheri’s view, exemplify Michigan’s approach. “We use our students,” he says. “They’re involved in

actual health system strategies and implementations. Both Dean Allen Lichter and Larry Warren have allowed us to utilize the Health System as our laboratory. They’ve provided us enormous access in terms of data and cost reports. Anything we’ve wanted, we’ve been able to get. We’re doing real nuts-and-bolts stuff in applying business principles to health care. We don’t want to just sit around and talk about it. We want to do it. That sets us apart from the rest.”

So does the stature of the units involved in the M.D./M.B.A. program, as well as other collaborative initiatives. “We have a top 10 hospital, a top 10 medical school, top 10 schools in business, law, pharmacy, public health,” says Taheri. “You combine all these together, and there isn’t anyone who can really touch us.”

“Not only are the schools great, but we’ve got the Life Sciences Institute coming on line soon,” Soman says, “and there are still opportunities to further integrate the experiences across the Business School and the Medical School and, if you’re creative enough, even other fantastic programs at the University of Michigan, like computer science, engineering, and social work. There’s a lot of great synergy that can be created here.”

“U-M’s program is rare in that it combines a very well regarded medical school with a very well regarded business school,” says student Ashu Tyagi. “Of those 37 M.D./M.B.A. programs, very few make the list.”

Tyagi’s attitudes were formed early. “Medicine is sort of a family business,” says the Bloomfield Hills native. “My father practiced general surgery for many years at St. Joseph Mercy Hospital in Pontiac. Over the course of his career there, he was chief of surgery and chief of staff, and later an administrator responsible for medical practices at North Oakland Medical Center. And both my sisters are physicians.”

He was admitted to the Medical School under the now-defunct Inteflex program, earned his undergraduate degree at U-M in Asian studies, then took a year off from school to work as a health care management consultant. “After we got it started, deciding to participate in the M.D./M.B.A. program was a no-brainer for me,” he says. “Being a ➤



Vijay Saluja, Barry Rosenberg, Ashu Tyagi and Neilesh Soman

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physician was an absolute, and the M.B.A. was a logical next step.

“I’m very passionate about medicine,” he notes, “but at this time I’m actually not going to enter the residency match. Within business, my interest is in finance, so I’m going to look into a career somewhere in the world of finance and then figure out at what point I want to jump back into medicine. I want to stress that it’s ‘at this time.’ I certainly intend to do my residency, but I’m looking for some real-

world experience before returning to academics. I like to see people make decisions that have dollars and cents after them, because I think those decisions are made differently. I think more and more of my peers, and those that will follow, will be interested in what an M.B.A. offers, or at least in these issues.”

Soman, who hails from Norwood, New Jersey, earned his bachelor’s in biology from Columbia University and also spent time in the “real world” — a year

as an information technology consultant — before starting medical school. “Through that experience, I grew to appreciate larger organizations and how they have their own sort of behavior, that there’s an art and a science to managing and leading them and making them as efficient and effective as possible,” he says. “Working in information technology was a particularly appropriate perspective from which to view that, because the role of IT is to aggregate lots of data and try to make some sense out of them. That’s where I’d say my interest was really solidified.”

While he can cite a number of specific career possibilities for people with both degrees, Soman says “it’s useful in almost any area where you touch on the clinical aspects of health care as well as the business side of health care, and that’s just about everything.”

“There are brilliant business people and brilliant doctors, but there’s a lack of people who can understand both of

those worlds as they meet,” says Rosenberg. “If we really want to improve patient care, improve access, lower cost — all the things we say we want to do in health care — we need to have people with both a medical background and business tools.”

Like Tyagi, Rosenberg is a Michigan native and doctor’s son whose dual interest is long-standing: he has undergraduate degrees from Michigan in biology and economics. He says his work on the Survival Flight program was “exactly what I love to do, which is look at overlapping opportunities in business and medicine. At some point in my life, I would very much like to be involved in some type of health care consulting and/or health care venture capital. This dual background positions me very well to solve problems in the hospital and evaluate new medicines and new technologies.”

Even colleagues who aren’t interested in taking the M.B.A. plunge see the value of its underlying ideas. “A lot of other medical students and physicians that we talk to say, ‘Wow, this is great,’” says Rosenberg. “They’re kind of hopeful that M.D./M.B.A.s will be able to make more patient-centric and rational decisions. There’s a sense that physicians are uniquely qualified to be able to balance clinical needs with sound fiscal management.

“There’s a small minority of ultra-idealists — people who think you must ignore money, you must ignore finances in health care,” he adds. “Each person has the right to their opinion, but mine is that society has limited wealth and limited resources, and we want to try to make sure that we can allocate those resources and use them in the most beneficial way. I think the program has definitely raised that awareness.”

Vijay Saluja started his M.B.A. phase of the program in 2002, and will complete both degrees in 2004. His undergraduate degree — from Lake Superior State University, where his father is a business professor — is also in business administration. His sister is a dermatologist, and he’s leaning toward anesthesiology,

which was one of the first specialties to make business training part of its accreditation process.

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effectiveness and redesigning health care delivery,” he says. “When there’s this huge gap between the objective of the physician and the objective of management, patients and their families kind of get shoved aside. I want to bridge this gap.” 

THE BUSINESS OF HEALTH CARE

U-M Health System leadership benefits from executive development

Learning the principles of business as they apply to health care delivery and education is not limited to students at the U-M. Thirty-nine of the top executives from the hospitals, Medical School and M-CARE are attending a 10-month program at the new Health Care Leadership Institute to advance their skills in health care management and leadership in order to improve the way medicine is practiced and taught in the University of Michigan Health System.

The Institute was designed and developed by the U-M School of Business Administration’s Executive Education Center in collaboration with the Medical School. According to *Business Week*, the Executive Education Center is ranked among the top two executive education programs in the world. The U-M School of Public Health is also a program contributor.



Because each participant at the Health Care Leadership Institute is part of the same overall organization, the Institute provides a unique opportunity to create a shared vision, vocabulary and understanding of the business of medicine at Michigan. “We have leaders from all parts of the organization — department chairs, administrators, Medical School deans, and leaders in the hospitals, M-CARE and faculty group practice — and we’re learning together, discussing management concepts and their practical applications to the way we operate as an organization,” says Dean Allen Lichter. “The Institute allows us to cross boundaries and sit together as a health system leadership team.”

The innovative program is an active, multi-disciplinary learning experience in which participants analyze and recommend solutions to current U-M Health System leadership or management issues. Participants learn and apply concepts and tools in the areas of strategy, financial and change management, marketing strategy and positioning, operations management, information and business process, research and development, innovation, negotiation and decision-making, and strategic human resource management.

—MBR