

## Some Thoughts about the Importance of Negotiation in the Health Care Field

Economic changes and the resulting modification of financing schemes have turned health care in a battlefield. Conflicts between physicians, hospitals (for-profit or not), insurers, industry and public authorities have increased significantly over the past years, both in virulence and in numbers.

Conflicts can be resolved in two different ways: by force (that is available in particular to public authorities, at least to a certain extent) or by negotiation. Resolution by force is rather illusive: the original conflict often blows up again sooner or later, sometime in an even more severe form. Though its success is never guaranteed in advance, negotiation is actually the only way to resolve a conflict in a constructive and sustainable way.

As shown by the following examples, negotiating represents a different challenge for each actor of the health care system:

**Physicians** - Until recently, physicians did not have to negotiate very often. They were free to organize their working practice as they wanted, without strong external interferences. On top of this, their business was growing steadily. This as well as quite rigid internal rules used to keep conflicts among the members of the profession under control.

The situation, however, is changing dramatically. Interventions of public authorities, hospital managers and insurers restrict more and more the freedom of action of physicians. Overall and particularly in hospitals, physicians do not hold a privileged and independent position anymore; their status is becoming one of a regular partner dealing on equal terms with the other actors of the healthcare system. As medical doctors are today more uncertain with respect to their professional future, conflicts among themselves have also become more virulent. In any case, physicians must now negotiate on all fronts.

**Hospitals** - Disputes are frequent in the life of an hospital: (a) internally, between different professional groups, in the course of efficiency improvement projects, by the definition of priorities or when distributing scarce resources; (b) externally, in the framework of the relationship with public authorities, insurers, partners, etc. Such conflicts can seriously impact on the operational performance of an institution, on its image in the public and even on the quality of care being delivered to the patients. The ability to manage conflicts well – i.e. to negotiate well – is therefore critical for hospitals and their management teams.

Negotiating also plays a key role in order to prevent conflicts and to strengthen the quality of a collaborative relationship between different people and groups working together. This applies to teamwork, to the collaboration with other hospitals and health care institutions, to the relationship with suppliers, etc.

**Public authorities** – Within the law, authorities can *decide* – i.e.: they do not have to *negotiate*. However, taking unilateral decision may present for them significant disadvantages: decisions can be challenged in courts; when their purpose is to settle a dispute, they generally do nothing to eliminate the initial causes of the conflict; they are often out of step with an evolving reality and cannot be adapted quickly enough; etc. This explains why public authorities usually try to resolve problems by negotiation first.

**Insurers** - Economists and politicians expect insurers to assume the role of regulating the health care system. Sickness funds are supposed to promote disease prevention and to provide incentives to patients in making a rational and moderate use of health care services. They are supposed also to use their buying power to drive costs down. However, in order to both increase the quality of medical care and reduce its overall cost, insurers rely upon the collaboration of patients and health care service providers. The development of such a cooperation challenges the negotiation competence of sickness fund managers.

**Managed Care** – Among all actors of the system, Managed Care-type organizations are those which are the most directly affected by the conflicts prevailing in the health care field and best able to contribute in solving them at the same time! On the one hand, Managed Care cannot possibly work well as long as physicians (generalists and specialists), hospitals and insurers spend their time in fighting against each other. On the other hand, the very concept of Managed Care provides a strong incentive to the protagonists in improving the quality of their working relationship, thus optimizing health care processes not only on the economic level, but also on the medical one.

**Pharmaceutical industry** - Life is not becoming easier for the pharmaceutical industry. As ever, almost all its activities are still heavily regulated and subjected to political interventions. In addition, whereas competition was traditionally driven by quality and innovation only, it is now becoming more and more price-driven.

Classical lobbying is getting costlier by the day (both in money and time), but its effectiveness is not increasing accordingly. And as far as the privileged relationship with medical opinion leaders is concerned, it does not guarantee a sustainable success on the market anymore. The truth is, sales volume and profits are determined today to a very large extent by the result of negotiations with authorities, reimbursement agencies, Managed Care organizations, sickness funds, hospitals, and physicians' or pharmacists' buying groups.

As things stand at present, the actors of the health-care system are confronted with an ever stronger obligation to negotiate. Yet, as the experience of the past years shows, traditional, distributive negotiation models do not lead to acceptable results anymore: the most convincing argumentation does not enable to win "opponents" to one's own cause; confrontation is making working relationships a misery; and at the end, conflicts are only resolved by force or as the result of the exhaustion of the protagonists.

Several studies have shown that some mechanisms regularly transform negotiations into an exhausting and frustrating exercise - however well intentioned and well qualified the parties may be: focusing on narrowly defined positions and trying to sell one's own arguments to the other side; confusing matters of relationship or personal feelings with those of substance; assuming that the size of the „pie“ is fixed and that any gain for one party represents a loss for the other; etc.

According to the method developed in the framework of the „[Harvard Negotiation Project](#)“, it is by far more effective:

- \* to separate the substantive issues from the problems related to the people involved or their relationship; to deal with both, but independently;
- \* to focus on the underlying interests and not on bargaining positions;
- \* to invent options for mutual gain, brainstorming first and then deciding;
- \* to negotiate on the basis of "neutral" criteria (i.e., fair standards and procedures, justifiable considerations, etc.), instead of trying to resolve conflicts of interests by putting the other party under pressure;
- \* to consider one's best alternative to a negotiated agreement before taking any major or final decision in a negotiation, and to think about the alternatives of the other party.

The ability to apply this method of negotiation would go a long way in helping the actors of the health care system to face the challenge of the future.