Episode 3 (Part 1): Trading Ninety Years of Independence for Employment

Dr. Jonathan Breslau

November 19, 2018

Geoff: Hello, and welcome to "Taking the Lead," a podcast from the Radiology Leadership Institute that profiles radiologists as leaders, seeking insight and inspiration from a variety of perspectives and experiences, I'm Geoff Rubin. In 2009, Sutter Health [00:00:30] initiated the breakup of a 90-year relationship with Radiological Associates of Sacramento or RAS, leading to a substantial disruption in RAS's practice that lasted over three years, until RAS agreed to be purchased by Sutter Medical Foundation, resulting in the transition of 60 partners into employees of the Sutter Medical Group. Today, I'm speaking with Jonathan Breslau, the final President and Board Chair of RAS and the current Chief of Sutter Imaging [00:01:00] for the past four and a half years. Over the course of this two-part conversation, we discuss the characteristics and, in particular, the culture of RAS that led to it becoming a dominant radiology practice in the Sacramento region, but that also led to its downfall as an independent physician-owned entity. We also discuss the challenges of managing a tumultuous transition to employment within the Sutter Medical Group, and the rewards of having successfully navigated that transition, as well [00:01:30] as the adaptations of leadership style that the transition has required.

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Geoff: Jonathan, welcome.

Jonathan: Thank you, Geoff, very much appreciate being invited.

Geoff: Before we get into the story of Radiology Associates of Sacramento, perhaps [00:02:00] you would tell us a little about yourself. How would you describe your childhood growing up in Cleveland?

Jonathan: My father was a physician and my mom was a researcher in medical field. And they both supported education. I think my mom was a tiger mom before it was cool. And we had a really great upbringing, great focus on education, and already had a lot of interest in health care.

Geoff: Terrific. [00:02:30] You had brothers and sisters?

Jonathan: Yeah, two younger brothers. They are both professors in social sciences here in the United States.

Geoff: A real academic pedigree then.

Jonathan: Yes, but despite that, I kind of took my own path.

Geoff: And a great path it is indeed. Do you have any particularly strong interests or hobbies that you developed when you were a kid that you continue today?

Jonathan: Yes, when I finished high school and started college, at the time, I was very involved in musical performance and I actually [00:03:00] thought that that was going to be my career. I played professionally in Cleveland, the last two or three years of high school and I'm very involved in music. And when I was applying to college, I was also interested in going to music conservatory. But I kind of wrapped up the regular college thing first and so I just decided to do that. I don't actually perform now, but I'm a very avid listener.

Geoff: What instrument do you play?

Jonathan: Saxophone, clarinet, and flute.

Geoff: And classical [00:03:30] music was your passion?

Jonathan: It was probably 50/50 jazz and classical.

Geoff: So I see that there were six years between your bachelor's degree from Yale and your MD from Case Western, did you have a couple of gap years in there? And if so, what did you do?

Jonathan: Yeah, sure. Yeah. Well, when I was in college, I majored in history. And I did not originally have an intention of becoming a physician, even though [00:04:00] as we've discussed, I had certainly a lot of exposure to medical background. I worked in New York for a while at a record company in there continuing the music interest, but pretty quickly decided that I was looking for something to sink my teeth into a little more. And what I did was I moved back home to Cleveland so I could live in my parents' house and not have expenses, and I started taking all the pre-med classes. And then I also did research in developmental neuroanatomy. And all those [00:04:30] things took up to the two years between graduating from college and starting medical school.

Geoff: Were you performing musically at the time as well?

Jonathan: A little bit, yes. I played with some people that I knew in Cleveland, and then also started up as part of a band that was all physicians, mostly

residents. And I was a medical student and an intern while I was playing in that band and playing saxophone. And we had another saxophonist in our band, well-known Dr. Jonathan Lewin [00:05:00] of Emory University.

Geoff: Fantastic. And a subject of a future "Taking the Lead" podcast. What an amazing band it must have been.

Jonathan: That's right.

Geoff: So you had multiple relocations. So you're in the northeast, then back to the Midwest where you grew up, then down to the south to Duke, and then to the Pacific Northwest, all education and training. How did you decide to settle in Sacramento for your practice?

Jonathan: Well, the location was originally completely random. I was finishing [00:05:30] my neuroradiology fellowship at University of Washington and looking around for job opportunities. And I had gotten in touch with someone who had been a resident a couple years ahead of me at Duke that was down on Orange County, and I talked to him about some things. And he mentioned that there was a Sacramento practice where another of our resident colleagues was currently working, that was looking for a neuroradiologist. And I think times have changed, but at the time, it seems like all the best jobs passed by word of mouth. And so I went and looked at Sacramento [00:06:00] knowing nothing about Sacramento, in particular, and I was just very impressed with the practice and the ability to be very sub-specialized in neuroradiology, which is something I really wanted.

Geoff: So how would you describe the Radiological Associates of Sacramento at the time of joining the practice in 1995?

Jonathan: It was a very stable presence, it had been in existence since 1917. We had partners who had been very [00:06:30] involved in the medical community over years, people who had been former chiefs of staff in the medical center, people who've been very involved in politics even. And there were two really important principles that help serve me well. One is that everything was even, nobody had special ownership in something that no one else did. And it was a shorter attractive partnership. And then the other thing was that the group had a strong commitment [00:07:00] to investing the technical component and invested a lot of our revenue back into...a lot of our earnings back into the company, as opposed to distributing it. So we had a very good technical footprint throughout the Sacramento area, which was something that we always had an eye towards being able to grow strategically.

Geoff: And so how large actually was the practice at the time that you joined? And how many sites did the group provide service at?

Jonathan: Well, that's gonna be a little bit of a memory [00:07:30] challenge for me, but I'm going to guess, that I was sort of, maybe let's say the 30th doctor roughly, and that included radiation oncology. We had radiation oncology within our practice. I think that's a historical thing because the practice had been around so long. When it first started, there was only one kind of radiologist and we kept that all under one umbrella as the field matured and became two different specialties. We were involved [00:08:00] in all the hospitals and there were part of Sutter Health in our immediate metro area, and then we had our own outpatient facilities, maybe only about five when I started, sorry, double that because I'm forgetting about the radiation oncology sites. But that was about the size of it. But there was a very good eye towards, where are the areas that we wanted to expand into? Where was the population growing? We were always [00:08:30] looking for where's the place for the next office to go.

Geoff: How about hospitals? How many hospitals were you involved with at that time?

Jonathan: Okay. When I started, there was four. We had just gotten the fourth one and that was to create the opening that they needed to hire me. And then we had an eye towards one more small one and then one more really big one. And we were involved in both of those within the subsequent two years.

Geoff: Got it. And how many other radiology groups were practicing in [00:09:00] Sacramento at that time? And how were they sort of distributed in terms of how they covered the population?

Jonathan: Yeah, so there was two, not for profit health systems, and we were the radiology group for one, and there was another independent radiology group that was with the other. And then there was UC Davis, and then there was Kaiser. Out in the suburbs, there were a couple of other groups, one in particular that we ended up merging with two years later. [00:09:30] And then there were some very small providers, just outpatient imaging sites that were one-off, that were around our area, but it was already fairly consolidated when I joined in 1995.

Geoff: Now, you mentioned that the group traced its origins back to 1917, and I understand an affiliation with Sutter Hospitals that went back to 1923, how did this legacy of so many years of radiology [00:10:00] practice manifest itself when you joined the group? And over time and associating with the group, did

you have a sense of sort of the weight or heft of those years and depth of integration?

Jonathan: Well, I'm sorry, I wanna make sure I understand, depth of integration with the health system?

Geoff: And the community and just, you know, being essentially a provider of radiology care for so many years in the community.

Jonathan: You know, I think that when you... [00:10:30] Certainly for me when I first came in, the way that's manifest is by the culture of the practice, and I definitely did not have an awareness originally, of whether it was based on long term, a place, and traditions that have been passed on or what. I didn't really know exactly. I just knew that the partners behaved a certain way and had a certain clear expectation of the new recruits, how we would become [00:11:00] part of the group and how the type of care we would provide, and how we've been served the community. I think now, a lot of years behind me, there was a very deliberate process of feeling that, you know, we had a service that we're providing, and we need to really focus on our patients, but also that the relationships with the hospital and with a greater community were very important. To be honest, I think that we focused at the time much more on our relationships with referring doctors than [00:11:30] the hospitals. I think that, although we really valued hospital contracts, I think that we sort of took them for granted. And what we really thought was important on a day-to-day basis was our relationship with referring doctors.

Geoff: Were there any specific recollections you have as a new member of the practice, where someone, you know, sort of brought you under their wing and helped to communicate to you how RAS radiologists approach situations or how they behave, how the culture was conveyed to you?

Jonathan: Yeah, I think so. In neuroradiology, there was a very giant presence in our practice. And I'm specifically referring to Arliss Pollock, who has a named award with the ASNR. And he had really built the practice. He had done his neuroradiology training at UCSF, and he had an eye over pretty much everything and [00:12:30] he had a stamp on the standards and the recruiting, and how we intensely focused on sub-specialization, but how we spent a lot of time trying to learn from each other, which was very important piece of things. But then also, that the doctors as we were going out to different sites where we worked, that from the first day, we really need to have an active role in [00:13:00] establishing and maintaining the highest standards. Whereas in training, residents and fellows may or may not get engaged in that because to a large extent, those standards are very much in place already. And it's part of the

woodwork and you just walk in, and there it is. In the practice, you're responsible for setting up and maintaining quality. And he was very focused on that and making comments about, you know, you need to just support the practice. [00:13:30] And for me, it was particularly appropriate because I was joining at a time where we were just getting a new hospital contract and I was one of the representatives of our group in that hospital. So I actually had to kind of get things going in the way they hadn't been before.

Geoff: Now, that you're head of the group, do you see yourself taking on a similar role in helping new people come aboard and understanding the culture that you and the rest of the practice [00:14:00] expects?

Jonathan: Yes, but now it's between our permanent and part-time radiologists, we have nearly 100 doctors. It's not me with everybody else. There's a lot of different levels. And so, we have in effect vice president, and then we also have section heads, and they're all expected to do that kind of thing. And then as part of our multi-specialty medical group, there's an onboarding process, where I meet with all the new doctors one on [00:14:30] one at 3 months, 6 months, 9 months, a year, 15 months and so on up to the 2-year time period. And it's kind of a structured mentoring process.

Geoff: That highly structured nature of engagement with new recruits and providing that mentorship basis, is that something that is more reflection of what organically came from the legacy of RAS or is it more a relation to what Sutter [00:15:00] brings to the table and what is implemented across specialties within the medical practice?

Jonathan: It's, I guess, 100% from Sutter Medical Group, a process they have through the HR department, has a lot of people supporting it, and I think it's really good. And I think it's better than what in many ways are idiosyncratic practices of individual private groups. [00:15:30] I actually think this is a great structure, I like it better than what we did.

Geoff: Bravo. progress. So it seems that around 2009, things started to go awry in terms of the relationship between RAS and Sutter. Can you first off describe the size and scope of RAS's business at the time around 2009?

Jonathan: I can't remember for sure. Almost [00:16:00] all of the outpatient imaging in the metro area that was under Sutter's universe was done at RAS sites. All the hospital work was done by RAS physicians and 100% of the radiation oncology was done by RAS physicians, at RAS owned sites, and all the equipment, we owned all the equipment. In addition, we took all comers and we had contracts with other medical groups, for example, that were [00:16:30]

outside of Sutter, and we had insurers that may or may not have been connected to Sutter. So we also had other kinds of work that we were doing. But we were closest to Sutter and had grown up that way. I think if you'd compared them to other health systems of their size, and now I'm just talking about Sutter within Sacramento metropolitan area, I think that they themselves owned far less imaging equipment than what was [00:17:00] common by an average among health systems that have been buying that stuff more themselves. We had the background of doing it, and we were much more facile and quick to the market. And they were benefiting from the reads and the access for their patients. So it just kind of evolved. For a long time, it wasn't really on their radar screen.

George: I see. And so what proportion or percentage of your business would you say came from Sutter referrals?

Jonathan: Well, there's [00:17:30] a couple of different ways to look 6at it. The hospital work was 10%, the totality was probably closer to 40%.

Geoff: And you had about 60 partners in the practice?

Jonathan: Right. Right, at the time. Yes.

Geoff: So what do you attribute the change in the relationship? What happened around 2009?

Jonathan: Well, I would say it was many years in germination or gestation depending on your preference for zoology or botany, but I think there had been [00:18:00] things that had been going on for a long time. And on our side, we were growing, doing really well, and I think that there was a belief on our side that they couldn't survive without us and they wouldn't do it, that they wouldn't get rid of us or anything, that it was impossible for them to do that. And I think we also felt that the medical community would rise up and make it impossible for Sutter [00:18:30] to do something like that, even if they tried. That was our perspective on it and that had been going on for several years. I think that also, we had had, you know, negotiations for professional services agreement with Sutter over and over, you know, for years, and they had started to make more overtures about some more of a strategic partnership or joint venture or that they wanted to own part of our practice, or have a way that we would start a joint venture that maybe would [00:19:00] eventually become theirs with appropriate financial transactions.

And we considered that to be a line we were not willing to cross, that independence was the number one goal. And I think what happened, over time, is that they just started to feel like they needed to get their arms around more

managing overall process of care and have it [00:19:30] inside one umbrella. And they didn't wanna have these negotiations with these intensely independent groups over and over and over again that would take years and years. And I also think there was a pure financial thing, which is, you know, obviously, the revenue associated with all the imaging and radiation oncology. You know, radiation oncology is a lot of revenue, but it's not that much volume. Imaging was really the big thing in terms of volume of services. And I think, over time, they started to feel like, you know, "We [00:20:00] really need to own this stuff." And I think their first choice was to have us provide all the services. But we basically made that impossible because we basically refused to take seriously the idea of not staying independent.

Geoff: It sounds like they were looking to potentially tiptoe into some joint relationships by establishing a bit of a partnership with the group, which, you know, I guess from one perspective, one could look at as an opportunity to grow the pie. [00:20:30] And so that RAS's, you know, overall pie would be bigger and Sutter would have a piece. Was that something that just was not seen as a positive possibility at the time?

Jonathan: It was seen as a possibility, but not as a positive possibility because of the lack of independence. I think that we had a very long history, I think we believed that that was an essential part to enjoying our jobs was being independent, and [00:21:00] It's not 100% wrong, but it's not 100% right. And we entered into discussions about joint ventures several times. And we were fine with that. But what kept happening was, as we were talking about, in the contractual terms, what would happen if the joint venture needed to be unwound, Sutter always insisted on having ownership revert to them. And we just weren't willing to have that kind of a contractual relationship. The idea of a joint venture, [00:21:30] we were totally fine with.

Geoff: Got it. It was just the sort of slippery slope.

Jonathan: Yes. And I think we didn't have trust. I think our mistrust was blown way out of proportion. But I think we didn't have trust that they wouldn't try to do something to make it go sour and that they could get our practice. We definitely had some paranoid thoughts in there and amidst everything else.

Geoff: Yeah. So I guess, you know, if I was to ask, you know, looking back at the practice leadership at the time, [00:22:00] are there things that you can specifically identify that you think were helpful and in retrospect, not so helpful in the way they responded to Sutter?

Jonathan: Yeah. And I definitely was part of this myself, the bravado, just put it into one word. You know, "We know what's best, just let us do this. We need to do this, we need to own it, we can do better." You know, plus, also, we didn't wanna serve one master, we wanted to play the field [00:22:30] as it were, which, in a general sense, is a good idea. And I really think it was a sense of bravado. And I think that one area about that, in retrospect, and it's interesting how this wasn't a big concern because the numbers are so obvious, for some reason, we didn't see how miniscule we were compared to them. Somehow in our world, we were gigantic. And, you know, our top line revenue was never more than [00:23:00] about 20th of the health system revenue, probably smaller than that.

Geoff: So at that time, what was your role in the group?

Jonathan: Well, I had a uniquely delicate and uncomfortable position because I didn't have a leadership role in RAS, but I was chief of staff at Sutter's biggest hospital that we were getting kicked out of. So that was kind of interesting.

Geoff: I see. And so you were sort of serving as a bit of a go-between.

Jonathan: Well, there wasn't much go-between because when [00:23:30] they told us that they weren't going to renew the contract and that they were going to start their own radiology department within the medical group, that was just a done deal. They presented it to us as a fait accompli. So I didn't have any kind of a role in terms of trying to, "Hey, guys, why don't you reconsider? Hey, we can work this out." There was none of that. And in fact, my role as chief of staff was very divorced from the interests of RAS because my goal was to make sure patients got good health care when they went to the hospital. [00:24:00] And so I had to make sure that the new radiology department was gonna be able to provide care that was of high quality. And it was kind of like planning for my own funeral, if you will.

I had to guide the medical executive committee through making sure that the executives gave us presentations that described a real radiology department that would provide the needed coverage that had been very subspecialized and 24/7 and so on. And I had to [00:24:30] think about it first and really decide whether I was gonna try to blow it up or try to really focus on providing consistent patient care. And I thought about it a little bit, but I very quickly came down on the side of making sure that we can provide consistent patient care. And that's why I was there as chief of staff, I wasn't there to do RAS's bidding. So it was helpful that I wasn't in the leadership of RAS because as things were getting kind of nasty, I was still able to have [00:25:00] meetings with hospital executives on important hospital issues, all the while kind of knowing what's

going on behind the scenes. Other people in RAS were taking care of the positioning and battle, so to speak.

Geoff: Yeah, it sounds like a really interesting position to have been in. I mean, did you ever feel like you were a little bit clamped in a vise, you know, where you've got the hospital and trying to do the right thing for the medical staff and such, and then you've got your RAS folks just really upset about [00:25:30] where things are going?

Jonathan: Absolutely. And we had talked about it explicitly within RAS board meetings that, you know, people understand what my position was and how I was gonna need to conduct myself. I don't think there were hard feelings about that at all. And I think it was very important to be able to have, a few years later, the possibility of talking to Sutter about a buyout. You know, my role was consistent patient care and not screw up patient care. I think I did things that made it clear to them what [00:26:00] their obstacles were to be able to replace us just because I had to do my job as chief of staff. I mean, there was one other option which I considered, I could have resigned as chief of staff. That was definitely... You know, and I actually had started to write a resignation letter at one point, and I talked it over with a few other people and they said, "Don't do it, don't do it." I think the long game was really, "Stay in there and take care of the patients."

Geoff: Well, clearly, the strategy was a great one for many reasons, [00:26:30] but in the near term, you're demonstrating to your colleagues in the leadership of the medical staff organization, the other physician leaders, that your commitment was to their patients, must have had tremendous messaging for them. And it's my understanding that the medical staff actually voted or took action to try to keep RAS in the hospital.

Jonathan: Our second, the biggest hospital, that happened. Yes. [00:27:00]

Geoff: Stay in there and take care of the patients. What a great message to mull over as we pause at the end of this first part of my conversation with Jonathan Breslau, while he is straddling the then diverging paths of RAS and Sutter hospital. Please join me for part two of our conversation, as the stage is set for Jonathan's [00:27:30] ascension to RAS president and board chair, positioning him to initially navigate RAS's breakup with Sutter, and ultimately to serve as the bridge toward reconciliation. "Taking the Lead" is a production of the Radiology Leadership Institute and the American College of Radiology. Special thanks go to Anne Marie Pascoe, Senior Director of the RLI and co-producer of this podcast, to Bryan Russell for technical support, Megan Giampapa for our [00:28:00] marketing, [inaudible 00:28:01] for production support and Shane

Yoder [SP] for our theme music. Finally, thank you our audience for listening and for your interest in radiology leadership, I'm your host Geoff Rubin, from Duke University. We welcome your feedback, questions and ideas for future conversations. You could reach me on twitter @GeoffRubin or the RLI @rli_acr. [00:28:30] Alternatively, send us an email at rli@acr.org. I look forward to you joining me next time on "Taking the Lead."

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