



This fully integrated physician group puts patients first and business second.

Dr. Larry Tatum provides the details.

Texas Health Care

They Doctor Folks



Who owns Texas Health Care? The 118 physicians in Tarrant County who thought banding together to form a multi-specialty, physician group practice was a good idea. According to president and CEO Dr. Larry Tatum, one of the basic principles on which the company was founded is that it would be managed by doctors for doctors.

“We believe physicians who stop practicing medicine make different decisions than those who continue to practice,” said Tatum, who is also a practicing obstetrician. “All of our physician owners are executives and decisionmakers in the company, and all continue to practice medicine.”

Texas Health Care was founded on January 1, 1995. Tatum is quick to point out that although a number of physician groups morphed into present-day Texas Health Care, the current organization is not a successor company. These first companies were developed in response to the first managed care rush of the early to mid-'90s when a variety of healthcare stakeholders decided to take an elevated interest in managing physicians.

“Hospitals bought doctors, who later divested themselves, and management companies attempted to run doctor practices,” said Tatum. “We were a group of physicians who were first and foremost physicians but willing to accept that the modern day practice of medicine requires sophisticated business systems. We formed Texas Health Care to allow us to continue to take care of our main goal, which is

doctoring folks, while not forgetting to pay attention to the business side.”

Initially, the organization had 37 physicians centered on family practice, internal medicine, and OB/gyn. “That’s the initial organization, not the present organization,” Tatum explained. “We’re not a successor of that group. We disbanded the original organization, took the structures, and created our present organization.”

In growing its physician membership, Texas Health Care looks for physicians who are willing to accept responsibility for taking care of their patients and being paid accordingly. The company’s guaranteed compensation for its physicians is zero. Tatum posed a hypothetical situation to provide the reasons the company moved away from guaranteeing compensation. “If you hired 10 new physicians, young or old, and guaranteed them a salary for two years, how productive do you think they would be, and how many would stay after the initial two-year contract?”

“We are an eat-what-you-treat organization,” he continued. “I’ve seen many articles discussing changing physician compensation from guaranteed to a productivity or patient-services-based productivity model. We’ve never been anything but that model.”

Bringing business to medicine

In addition to partnering with a number of insurance carriers, such as United HealthCare, Beech Street PPO, ChoiceCare (Humana), Aetna, Cigna, and Secure Horizons, Texas Health Care provides physicians coordinated



contracting, accounting, HR, and government compliance services that enable each physician to concentrate on the most important aspect of their practice: the patients.

“Texas Health Care provides more than just HR functions,” Tatum said. “We have a single-payer tax ID number and common systems across the board.”

The physician owners have shared financial risk, shared processes, one accounts receivable system, group contracting with one signature, one HR process, and a set of company-wide and uniformly structured benefits. Texas Health Care is in the process of converting to NextGen’s accounts receivable system, replacing the system it’s used since 1995. The company plans to go live in January 2008.

“AR systems have changed,” said Tatum. “The new systems are relational databases allowing enhanced reporting and process structures. Some of the modern systems allow tasking, and at some point we’ll automate more of our processes, such as electronic remittance.”

Twenty-seven of Texas Health Care’s physicians are already using NextGen’s EMR. Physicians come onto that system at their own expense, and they have to be willing to use it 100%. “I’ve seen groups do EMR conversions in which they turn the whole thing on at once, but people continue to use paper charts. Once you flip the switch, there’s no going back. We use EMR for those physicians who want it, but we do not



require everyone to join, and I believe a number of our physicians never will.”

Regardless of the systems behind the scenes, Tatum wants patients who walk away from appointments with a Texas Health Care physician to experience the reason the group practice was formed. “We’re a doctor company needing sophisticated business systems, not a business company doing doctoring,” he said.

Clearly that sentiment works for physicians in the area. This summer, Texas Health Care added seven physicians to its list and is in discussions with several more. And while some physicians may be hesitant to join a large group practice, Tatum believes it will be necessary to survive in the future. “We anticipate in the next 10 years that life as an individual or small group physician will become more difficult. Our success will be supported by our ability to bring business systems to the practice of medicine.” ■



L. Timothy Knutson, FACHE
Physician Relations
(817) 740-8446
tknutson@txhealthcare.com

