

The New York Times Reprints

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)



September 5, 2011

Adjusting, More M.D.'s Add M.B.A.

By **MILT FREUDENHEIM**

Under heavy pressure from government regulators and insurance companies, more and more physicians across the country are learning to think like entrepreneurs.

As recently as the late 1990s, there were only five or six joint M.D./M.B.A degree programs at the nation's universities, said Dr. Maria Y. Chandler, a pediatrician with an M.B.A. who is an associate clinical professor in the medical and business schools at the University of California, Irvine. "Now there are 65," she said.

Mark V. Pauly, a longtime leader of the health care management program at the Wharton School at the University of Pennsylvania, said, "A light bulb went off and they realize that health care is a business."

Dr. James S. Kuo, 47, said he was a third-year medical student at Penn when he decided to go to business school, too. After receiving his M.D. and master of business administration degrees, he jumped to a Wall Street job with a large health care **venture capital** firm.

Dr. Kuo went on to manage several health care funds and later led several small health care companies.

Now he is chief executive of Adeona Pharmaceuticals, a company based in Ann Arbor, Mich., that is developing innovative medicines for the treatment of serious diseases of the central nervous system.

He is also nonexecutive chairman of MSK Pharma, a private company in La Jolla, Calif., that is led by his wife, Dr. Geraldine P. Kuo.

She is a specialist in muscular-skeletal medicine at the Veterans Affairs health care system in San Diego.

"In her work, she came across a medical need and an innovation to solve that need," he said.

One of the latest universities to consider a combined program is Creighton, a Jesuit university in Omaha, which plans to begin offering a joint degree next summer.

Anthony R. Hendrickson, dean of Creighton's school of business, said the program would be

flexible, based on each student's academic and business experience and personal goals.

He said total tuition would be \$191,688, including four years of medical school and a year of business studies. At Duke, the total cost of tuition for medical school and a year and a half of business studies is \$235,244.

Creighton, like many universities with business schools, also offers part-time courses for physicians alongside its classic short courses for executives of all types.

Statistics about the joint programs are sparse, said Dr. Chandler, who is president of the Association of M.D./M.B.A. Programs. But she estimated there were as many as 500 students total in the programs.

Some, like Tufts and Texas Tech, offer the combined program in four years, she said, and many programs offer special aid packages.

"All physicians need some kind of business training," she said. "For example, some physicians with large research grants don't know how to manage the money."

As for the nation's troubled health system, "we are not running the business side very well," Dr. Chandler said. "Part of the problem is we don't have physicians sufficiently involved. They have a fuller insight about what is needed."

"Cue the theme music from 'Jaws,'" said Professor Pauly, of Wharton. "Entrepreneurs have to know how to navigate with the desire of payers to hold down prices and control uses in health care."

He added: "They have to know how to please pointy-headed bureaucrats. This is going to be one of the survival skills in the future in health care."

Not all physician entrepreneurs come from the joint programs, of course. There are also business school graduates like Dr. Wendye Robbins, a fourth-generation doctor, who did her undergraduate studies at the University of California, Berkeley, and later earned her M.D. at the Medical College of Pennsylvania in Philadelphia.

Now she is president and chief executive of Limerick BioPharma, a small start-up in South San Francisco that works on transplant-associated metabolic diseases, specifically [Type 2 diabetes](#). She founded Limerick with business partners in 2005.

With strong grades and support from the head of her medical faculty, she said, she was accepted as an intern at the Hospital of the University of Pennsylvania and then for a postgraduate residency at Johns Hopkins University. Then she was hired as an anesthesiologist and pain doctor at the University of California, San Francisco. Through her husband, who has a business degree from

Wharton, she met venture capitalists. “They offered to fund the stuff coming out of my lab,” she said.

She left academics and started her first company, NeurogesX, which commercializes pain medicines.

After five years, she left the company and took a teaching job at Stanford because, she said, she wanted to stay in touch with students and patients.

Her advice to entrepreneurs-in-waiting: “Take a risk, step into the unknown. Don’t be afraid to fail. I’ve made plenty of mistakes and had plenty of disappointments.”

Dr. Barry R. Silbaugh, chief executive of the American College of Physician Executives, a professional society that provides medical education courses and career counseling, said more start-ups were being run by doctors.

Most of its 10,000 members work in hospitals and insurance companies as chief medical officers and medical directors.

“Many others are focused on adapting technology to health care, not just electronic medical records,” he added. “The use of social media is of great interest to many younger physicians, and so is health care analytics,” which is the study of data and information to help predict patterns of chronic illness.

“Physicians are bright people,” said Dr. John E. Prescott, chief academic officer at the Association of American Medical Colleges, a trade group in Washington that represents more than 150 medical colleges. “They want to make a difference. Some do it one patient at a time. Others see a bigger impact in business applications.”

“We are in a challenging environment for physicians to practice in,” he added. “Some are looking for ways to modify it or to leave it. Most want to modify it.”

Dr. Lisa Beth Ferstenberg teaches entrepreneurship on a grant from the [National Science Foundation](#) at the Johns Hopkins Carey Business School. After graduating from McGill’s medical school, a residency at Mount Sinai Hospital and studies at New York University’s Bellevue Hospital Center, she had a succession of pharmaceutical industry jobs.

Her students start every class session by practicing their pitches to sources of financing, like venture capitalists. She tells students: “No one will fund you if they don’t understand what you just said.”

In the hospital world, Dr. Silbaugh said, many hospital boards are asking for physician candidates, a reversal from a few years ago when nondoctors were preferred.

“Physicians bring a unique perspective,” said Dr. Prescott. “They understand patients and their needs. They also look at ways to improve overall effectiveness and efficiency.”

In the medical device industry, for example, “physicians are the customers and can provide valuable insights to improve products,” said Aaron K. Chatterji, who teaches strategy at the Fuqua School of Business at Duke. He returned to the university in August after working for 16 months in Washington as a senior economist at the White House Council of Economic Advisers.

Professor Chatterji said his course on commercializing medical devices typically drew significant numbers of physicians, some in M.D./M.B.A. programs, and many biomedical engineers, along with other business students.

Dr. Prescott quoted a saying he hears quite often these days: “Healing is an art, medicine is a profession, health care is a business.”