Don't Abandon Independence

Key Strategies Help Doctors Succeed in Private Practice

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Today's healthcare environment pressures many physicians to abandon private practice and settle for hospital employment. But with the right approach, doctors can maintain successful, independent practices—and preserve the many important advantages to both patients and physicians.

Increasingly, a range of challenges is overwhelming doctors, including complex new reimbursement systems, increased data-reporting requirements from payers, and the growing need for highly functional information systems.

With the new reimbursement models, private-practice physicians have an opportunity to realize greater revenue over the long run.

Healthcare purchasers are driving reimbursement that is tied to quality over volume. This transformation to "value" is designed to bring critical benefits—including low costs, high-quality care, and increased patient satisfaction—the Triple Aim set forth by the Institute for Healthcare Improvement (IHI). The Federal Government is driving the transformation and even mandates that within two years, half of all Medicare reimbursement will be based on value rather than volume.[1]

Independence vs. Employment

The cumulative effect of these pressures is profound. Practice ownership by doctors slipped from 53% in 2012[2] to 35% in 2014.[3] Yet, the benefits of independence are substantial and worth preserving.

Advantages of independence include the ability for doctors to make decisions founded on evidence-based medicine and implement changes that improve the quality of care. Employing such highly effective strategies brings great satisfaction—and happy doctors make for happy patients.

Private practices often provide more cost-efficient care than hospital-owned practices. Studies by Harvard and the University of California have found that integration between physicians and hospitals can lead to price increases and greater spending.[4,5]

Additionally, with the new reimbursement models, private-practice physicians have an opportunity to realize greater revenue over the long run.

Making Independence Work

For the vast majority of independent doctors, the key to a thriving practice will be their ability to meet the Triple Aim. As payers shift from the traditional

fee-for-service model toward value-based care, it is imperative that physicians follow suit.

The good news: These changes are attainable, and doctors don't need to do it all themselves. Our organization, for instance, helped enable a physician-led network of practices to decrease the cost of care by 17%, reduce inpatient admissions by 19%, and achieve the 90th percentile in care quality based on specific Healthcare Effectiveness Data and Information Set (HEDIS) metrics, within the covered population.[6] Participating physicians receive value-based payments equal to as much as 10% of their annual revenue.

The changes required to realize these outcomes are not easy; they require time, resources, expertise, and information. However, there is strength in numbers, and many physicians are finding the solution is to form a clinically integrated network (CIN) or accountable care organization (ACO), a form of CIN specifically designed for Medicare.

In recent years, the Federal Government has eased formerly strong restrictions on such groups in an effort to promote provider cooperation. As a result, physicians can join together under common leadership to improve the quality and efficiency of care. Simply uniting, though, is not enough; success depends on full and transparent sharing of data and making decisions based on that synergy. Data either validate providers' actions or illustrate areas where they must transform their care to achieve positive results.

How Physicians Benefit

CINs can be hospital-centric or physician-centric, but the interests of individual physicians are best served by physician-run CINs. The advantages are similar to those of private practice vs. hospital employment:

- Autonomy to provide evidence-based care, thereby increasing quality and value
- Cost-efficiency for patients and the healthcare system
- Revenue opportunities for doctors through data-driven, merit-based rewards

Conversely, under a hospital-centric CIN, the hospital controls the organization—including negotiating payer contracts. However, hospitals have interests contrary to the goals of the CIN. Administrator concerns over "heads in beds" could trump the desire to control inpatient utilization. This can result in high costs, less value, and low shared-savings incentives for doctors.

In a physician-run CIN, doctors retain control and independence. Participating physicians also keep a greater proportion of the shared savings they earn rather than splitting these incentives with the hospital.

About Value-Based Contracts

Under these contracts with payers, excellence in health care is measured, reported, and rewarded. Examples include commercial shared savings programs, as described above, as well as risk-based contracts, bundled payments, and capitation.

With its combined resources, the CIN provides structural components necessary to pursue the Triple Aim and garner value-based payments, including:

- **Population health data analytics.** This allows for identifying specific patient populations and providing interventions to improve the health of the group. For example, our organization helped a large independent practice identify all patients over age 50 who had never had a colonoscopy and then reached out to those patients with simple at-home fecal immunochemical tests. The result: More than 20 patients to date have been diagnosed and treated for precancer or cancer—saving both lives and money.[7]
- **Practice transformation training.** This broad, cultural shift involves every staff member in patient care and quality improvement. It requires each employee to work at the top of his or her license, clearing the path for better physician-patient encounters. And it features a patient-centered approach including pre- and post-visit outreach, closing gaps of care, and improved care coordination.
- **Care coordination.** Cost-effective care coordination depends on selecting (1) the right patients on which to focus and (2) the right providers to which patients are referred. Patient data helps select those who are the most complex (i.e., patients with rising risk and/or multiple providers). Provider data, ideally on doctors within the CIN, enable referral decisions based on quality and cost.
- **Electronic health record.** The EHR should be well-designed and used to its full potential. CIN leadership and members must extract and analyze data to best manage patients' health, drive improvements in care, and report the quality metrics payers require. An EHR that includes a dashboard for each patient with red, yellow, and green alerts helps doctors improve point-of-care quality.

- **Physician prequalification.** It's vital to bring the right members to the CIN—doctors who want to improve quality, enhance patient satisfaction, lower costs, and pursue shared savings. Physicians must be willing to embrace value-based thinking and invest time and resources in data-sharing and collaboration. Analyses of claims data help to identify appropriate physicians.

Choosing the Right Partner

To be successful, any CIN requires a broad set of abilities and technologies. Physician-run CINs are well-served by using an established "enablement partner" with formidable expertise in this area. The right partner company will provide the tools, approach, and structure necessary for the physician CIN to succeed. Such firms help create the CIN, engage like-minded physicians, and provide necessary ongoing support.

Doctors need to assess the sophistication of the firm's care management approach and whether it addresses the Triple Aim—the key to earning shared-savings incentives.

When selecting an enablement company, seek a firm that:

- **Integrates multiple EHRs.** If you already have EHRs, you do not necessarily need to change if your enablement partner can integrate the data from the differing EHRs your CIN members use. Many firms claim they can do this; look for a company with a proven track record.
- **Identifies patients with rising risk.** The company's platform should detect patients who are likely to be high utilizers next year, not just last year. This enables you to address potential problems early, improve health, and hold down costs.
- **Integrates data from across the healthcare environment.** The firm's systems must receive, incorporate, and utilize data from other providers and payers to best manage patients' care.
- **Customizes individual care plans.** The platform should provide a roadmap for providing care based on each patient's individual needs. It should incorporate coordination of care across the continuum of medical services and providers.
- **Maximizes the physicians' portion of shared savings payments.** Some firms provide their services in exchange for up to 80% of doctors' shared savings payments. Other firms charge a fee but enable you to keep a much larger proportion of these hard-earned payments.

New Revenue Opportunities

The new revenue streams available to independent physicians drive excellence and transition doctors from the existing fee-for-service business model to a fee-for-value system. Still, enhancing the effectiveness of the billing and collections processes—known as revenue cycle management (RCM)—is crucial. This is another area where outsourcing is often the most cost-effective option.

Complex new International Classification of Diseases ICD-10 coding requirements are overwhelming many offices. A team of outside experts can greatly increase a practice's coding accuracy and reduce billing rejections. With improved business performance, the practice or CIN has resources to invest in other value-oriented improvements, such as population health programs.

CINs can create investment opportunities for doctors, too. For instance, an enablement company can help a CIN set up and operate its own management services organization (MSO) to provide necessary support services to the CIN. When the CIN earns shared savings, these payments are divided among the doctors, the MSO, and the enablement company. Physicians can invest in the MSO and thereby receive a portion of the MSO's shared savings dollars, over and above the physician portion of their reward.

Win-Win Proposition

For private practice physicians, doing nothing to adapt to the new healthcare landscape will soon cease to be an option. Payers are increasingly requiring physicians to increase quality and reduce costs—and provide the data to show it. Doctors who want to remain in private practice must have systems in place to meet these new and growing requirements. The right partner can help them achieve these goals.

Ultimately, these changes will lead to healthier patients, more affordable care, and greater success for physicians. Data will drive how we use health care, and care will be coordinated across providers and settings. By adopting the right mindset, doctors can maintain robust, independent practices while enjoying the satisfaction of improving their patients' lives.

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