AMA STEPS Forward® podcast

Private Practice: Attending to Business – Contracting in Private Practice

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Featured topic and speakers

In episode six of this mini-series, hosts Meghan and Taylor underscore the importance of knowing your practice and your area, but also engaging with experienced counsel wherever possible during the contracting process, so that they can guide you and your practice in the right direction.

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Resources

- Private Practice Toolkit: Getting Started
- Contracting toolkit (PDF)
- Payor Contracting 101
- Payor Contracting 201
- CIN checklist (PDF)

Hosts

- Meghan Kwiatkowski, private practice sustainability, AMA
- Taylor Johnson, physician practice development, AMA

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Transcript


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Speaker: Hello, and welcome to the AMA STEPS Forward® podcast series. We'll hear from health care leaders nationwide about real-world solutions to the challenges that practices are confronting today. Solutions that help put the joy back into medicine. AMA STEPS Forward® program is open access and free to all at stepsforward.org.

Johnson: Hello, and welcome back to the AMA STEPS Forward® Private Practice: Attending to Business podcast, a 10-episode series exploring the business side of private practice. In this series, we talk about how to navigate business operations and practice efficiency solutions to create and support a thriving and sustainable medical practice business. I'm your host Taylor Johnson, manager of physician practice development at the American Medical Association. And I'm joined by my colleague and cohost Meghan Kwiatkoski, program manager of private practice sustainability, also at the AMA. Collectively, we have two decades of experience in private physician practice, and we continue to support physician practices in our current work at the AMA. Before we start, I want to emphasize that this episode is for general informational purposes and should not be relied on as medical, legal or other professional advice. Listeners are always encouraged to consult a professional advisor for any such advice.

So to get us started today, let's set the baseline for contracting between a physician and payer by defining a payer. Meg, can you give us just a basic definition of what a payer is?

Kwiatkowski: A payer is the entity that pays for services that are rendered by a health care provider. So that payer may be a commercial insurance company, it could be a government program, could be an employer, could be a patient. Physicians may also contract with third-party administrators or intermediary contracting entities, that includes other health care providers who have assumed financial risk from a payer.

So with that definition in mind, Taylor, when physicians do decide to contract with a payer, what are some of the main considerations that they should be keeping in mind?

Johnson: There are so many factors to weigh when deciding to contract with payers, and this includes: What is your existing payer mix? What does your patient population look like? Which plans and employers offer insurance coverage to beneficiaries in your market? In many markets, health insurers are heavily concentrated. So there may be a predominant payer with which you'll need to contract to serve most of the patients in your region. So researching that is going to be important.

And then you want to consider a few other things when deciding whether to enter a payer contract or not. And so these are just a few things, there is obviously a much longer list, but you want to consider: What are the benefits of having in-network status? Are there any ramifications of being out of network with specific payers? Are there physician organizations in your area, and what value does contracting with them bring for you? What is the volume of services with utilization management requires, such as prior authorizations? So are there certain plans that require more prior authorizations for the
procedures that you're going to be performing?

And then like I mentioned, there are several others. And so this is obviously a very complex topic, just based off of, you know, what we just talked about, Meg. So what can physicians do to help mitigate some of these complexities?

**Kwiatkowski:** It really is a very complex topic, and probably can seem daunting to some of our listeners, but the first thing that I would recommend is that practices are probably pretty likely going to benefit from working with experienced health care legal counsel to assist in designing a negotiating strategy that is feasible for them, given the overall context. It's, I think, a good investment.

And then secondly, the AMA has several resources that are related to contracting, which are designed to help physicians with this process. So that does include recorded webinars at a basic level, or a more advanced level, a checklist, sample contract language, and examples of payer policy change. We do also, of course, encourage physicians to check in with their state and their specialty societies for additional resources on the topic. And then other content that we have available to support physician practices in this area discusses different types of arrangements that can help those practices navigate the contracting progress—clinically integrated networks, PHOs, as well as current trends in contracting, as well.

Is there anything else that I've missed or anything else that you think, Taylor, that should be considered and factored into this process?

**Johnson:** So one thing I want to go back and highlight is that you mentioned different types of arrangements that can help physicians when dealing with payer contracting. And I think it's important for our listeners to know that, you know, just because you enter one of these arrangements, it doesn't mean that you have to turn over your practice or, you know, sell your practice or you're not independent anymore. That is really just joining a group of other physicians to have more negotiating power when it comes to your payer contracts and specific things in there, like your reimbursement rates, the utilization management requirements, all things like that.

So I think that that is a common misconception, and I just want to make sure that, you know, our listeners know that that's out there, and that they can go in and research more into that to see if maybe that may be a solution for them.

But also, Meg, like you mentioned in one of the recorded webinars that's available for access on the AMA website—and we can link that in the podcast description—we have a subject matter expert that is a health care attorney that specializes in physician contracting. They noted that practices should recognize that negotiation of rates is not the end of the story. So providers typically negotiate rates and contract languages in two separate processes. So don't feel like you know, negotiating your rate is the end—there's a lot more avenues that you need to explore along with that.
We just really want them to be familiar with the process itself, so that they know what to expect and they can prepare to have the most negotiating power as possible on their end. Meghan, is there anything else on this topic that our listeners should be aware of for today's episode?

**Kwiatkowski:** The AMA is consistently advocating for physicians, particularly around value-based care and payment issues. But I do want to underscore also the importance of first, knowing your practice and your area, but also engaging with experienced counsel whenever possible, so that they can guide you and your practice in the right direction.

**Johnson:** Definitely. Thanks, Meghan.

**Kwiatkowski:** Thank you, Taylor.

**Johnson:** The tools and resources mentioned in today's episode are linked in the podcast description and available on the AMA website. CME is also available for this episode on the AMA's Ed Hub and linked in the podcast description. I'm Taylor Johnson and this has been Private Practice: Attending to Business. Thank you for listening.

**Speaker:** Thank you for listening to this episode from the AMA STEPS Forward® podcast series. AMA's STEPS Forward® program is open access and free to all at stepsforward.org. STEPS Forward® can help put the joy back into medicine by offering real-world solutions to the challenges that your practice is confronting today. We look forward to you joining us next time on the AMA STEPS Forward® podcast series, stepsforward.org.

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