Despite APM participation, fee for service still dominates

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Though reports indicate physicians are becoming more involved in alternative payment models (APMs), fee for service continues to be the dominant way physician practices receive revenue, according to new research published today.

Nearly 60 percent of physicians reported that their practices received some revenue from at least one alternative payment model (APM) in 2016, with pay-for-performance and bundled payment arrangements having the highest participation rates around 35 percent. That information comes from a newly released AMA Policy Research Perspectives, which used data from the Association’s Physician Practice Benchmark Survey.

Although more than half of physicians reported that their practice received an APM payment, the money collected accounted for a small portion of a practice’s overall revenue. On average, pay for performance and capitation each comprised nearly 7 percent of practice revenue, bundled payments nearly 9 percent and shared savings just 2 percent, according to data from 3,500 physician responses to the AMA’s survey of active patient care physicians’ practice arrangements and payment methodologies.

Fee-for-service payments still reign, the study found. On average, nearly 71 percent of overall practice revenue came from fee-for-service payments in 2016. That number has remained relatively constant since 2012 when, on average, 69 percent of practices’ revenue came from fee for service. Also, it has remained consistent despite fewer physician practices reporting that they receive at least some income from fee for service. In 2012, nearly 90 percent of practices received fee-for-service payments; in 2016 that number dropped to about 84 percent.

There is some variation, however. Physicians in practices that were part of a medical home or an ACO were almost twice as likely to have received pay-for-performance and bundled payments compared with doctors in practices that didn’t participate in such programs. Participating physicians were also three times as likely to have received shared-savings payments and one and a half times more likely to have received capitation.
Medical home, ACO participation

Overall, 44 percent of physicians in 2016 reported they were in practices that belonged to at least one type of ACO. The benchmark survey showed:

- 25.7 percent of physicians were in practices that belonged to a medical home.
- 31.8 percent were in practices that belonged to a Medicare ACO.
- 20.9 percent were in practices that belonged to a Medicaid ACO.
- 31.7 percent were in practices that belonged to a commercial ACO.

Participation in medical homes and Medicare ACOs was up two and three percentage points respectively from 2014, according to the survey. There were no data on Medicaid and commercial ACOs from 2014 to make a comparison.

Digging deeper, the numbers show that the practice type and physician specialty was associated with a practice’s likelihood of participation in a medical home or ACO.

Physicians in solo practices were the least likely to participate. For example, just 7.4 percent of solo practice physicians participated in a medical home; ACO participation ranged from 11 percent in Medicaid ACOs to nearly 22 percent in commercial ACOs.

Meanwhile, in larger practices, participation in medical homes, Medicare ACOs and commercial ACOs was higher for physicians in multispecialty practices than among physicians in single-specialty practices. Specialty, too, was related to whether those practices were involved in an ACO or medical home. For example, medical home participation was more than 20 percentage points higher among physicians in primary care single-specialty practices compared to those in non-primary care single-specialty practices—33.5 percent versus 12 percent.

One number has not changed: The share physicians who know whether their practices are part of a medical home or Medicare ACO. About 25 percent of physicians in 2016 reported that they weren’t sure about their practice’s participation in medical homes and Medicare ACOs, similar to the 2014 survey’s results. In 2016, employed physicians were far more unaware than physician owners. About 29 percent of physician owners were unaware of their practice’s participation status for at least one of the three ACO types, whereas this was the case for 57 percent of physician employees.

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