

Why private practice should be on your radar

APR 1, 2019

Staff News Writer

Diagnosing, treating and managing your patients' conditions requires, among other things, the capacity for independent judgment and effective collaboration with your clinical colleagues. The private practice setting—that is, a practice wholly-owned by physicians rather than by a hospital, health system or other entity—also rewards those traits and remains a strong option if you are looking to be your own boss and work with like-minded colleagues to serve your community's medical needs.

The AMA supports physicians in pursuing the practice arrangement that best suits them individually as they deliver high-quality care to their patients. The AMA offers in-depth resources to consider all practice options and step-by-step guidance for those physicians who want to be their own boss, including the e-book “Starting, Buying, & Owning the Medical Practice.”

At last count by the AMA's Physician Practice Benchmark Surveys in 2016, 55.8 percent of physicians are working in practices wholly-owned by physicians, a figure that has fallen from 60.1 percent in 2012.

The career realities among younger physicians tell a different story.

“Ownership ranged from 27.9 percent among physicians under the age of 40 to 54.9 percent among physicians age 55 and older,” according to an AMA analysis of the data.

That report was notable also because it marked the first year fewer than half of physicians were practice owners.

Private practice, and the professional autonomy it brings, has been the career-long choice for oncologist-hematologist and AMA President Barbara L. McAneny, MD. When she and her partners at the two locations of the New Mexico Cancer Center want to provide new services to patients, they own the process.

“We didn't have to go through 27 hospital committees and ask permission from a bunch of vice

presidents for various things,” she said. “We just sat in a room. The group said, ‘Figure out how to do it. Let’s do it.’ And we did it. It is incredibly rewarding.”

Some practices have a one- to two-year partnership pathway. Once you reach the level of physician partner, you will typically have a “vote on what services you want to offer, new projects, adding more physicians,” among other things, Dr. McAneny said.

“That last thing is incredibly important. We spend more time with our partners than our spouses, and we trust our partners with the care of our patients when we are not available,” she said. “Practices go through a significant process to make sure everyone works well together.”

Security in partners, not bosses

That ownership vision of medical practice is one that fewer physicians are exposed to, especially those at the start of a medical career.

“They are often told by professors and mentors that independent practice is dead and you shouldn’t consider going into that,” said Dr. McAneny. “I think they do a disservice to their students when they say that.”

Student-loan debt often enters the picture by making it difficult to finance private practice. But there are some important financial factors to consider. Beyond the compensation physicians see on an annual basis lies the value of the doctor’s practice ownership stake.

“When you leave a practice, you have built up equity as an owner and your buyout helps fund your retirement,” Dr. McAneny said.

Another is that multiyear employment contracts on offer may not be what they seem.

“I’m starting to see a lot of people who have a contract for employment with a 90-day out clause. That means you don’t have a year, or two-year or three-year contract. You have a 90-day contract,” said Dr. McAneny. “In my practice, it would take 80 percent of the vote of the partnership to remove me. So that’s security.”

Assumptions about work-life balance are another potential landmine, with physicians believing that an employer’s business sense will surely extend to efficiency and support. But what Dr. McAneny said she hears from employed physicians “all across the country is that they’re spending their evenings till 10 o’clock clicking in their electronic medical records.”

Get basic math? You can do business

Anticipating, understanding and adapting to payment policies will be fundamental to preserving private practices.

Those elements are discussed in the AMA's guide, "New payment models: Decide a practice setting." It is a frank, wide-ranging report that lays out strategies for practices sized from solo to large multispecialty groups. Among the options covered are clinical integration to allow independent practices to legally negotiate collectively, and possible partnerships with hospitals and insurers through accountable care organizations.

Navigating those arrangements entails management focused on solvency, strategy and growth—and not listening to naysayers.

"If you can add and subtract, you can do business. That's all it is," said Dr. McAneny. "As physicians, we have been told that it is too tough for you. You can't keep up with the rules and regulations. You can't come up with business plans. Yes, you can."