

Snapshot: Physician-employer engagement: Direct-to-Employer arrangements

Physicians looking to diversify their practices may find it beneficial to engage directly with local employers to provide care to employees, retirees and dependents. More employers are now self-insuring their health benefits as the overall cost of health care continues to rise and they seek to improve health outcomes among their employees. Innovative employers are partnering directly with physicians as they are no longer content with relying solely on third-parties to manage costs and delivery. These Direct-to-Employer arrangements are incredibly varied.

Assessment of Practice Capabilities

Employer rationale for a Direct-to-Employer arrangement

From the employer's perspective, there are three main benefits of Direct-to-Employer arrangements:

- Have the opportunity for more say over health plan design than may be possible through a third-party administrator.
- Increase employee wellness and productivity while also reducing loss of employee work hours due to illness and/or injuries.
- Address concerns about the costs of medical care. Many employer-sponsored plans have insisted that their third-party administrator use custom networks as an effective way of reducing costs without materially effecting access to care.

Advantages of Direct-to-Employer arrangements

Direct-to-Employer arrangements have the potential to offer physicians significant financial and non-financial benefits. The most obvious benefit is the potential for greater access to patients and perhaps a more predictable revenue stream.

Varieties of Direct-to-Employer arrangements

Direct-to-Employer arrangements can take many different forms since they are often developed with individual employer goals in mind. Some more common Direct-to-Employer arrangements include:

- **Single service arrangements** Single service arrangements typically cover only a single medical service, usually furnished by non-physician health care professionals.
- **Wellness program assistance arrangements** Like single service arrangements, wellness program assistance arrangements cover a single or a small set of consultative or administrative services.
- **On-site clinics** These arrangements require physicians to operate a clinic for a specified time at a location convenient for the employer.
- **Retainer arrangements** Sometimes called “concierge” or “personalized medicine” arrangements, retainer arrangements offer enhanced access to physicians.
- **Bundled-payment arrangements** The same kinds of bundled payment initiatives in Medicare also exist in the Direct-to-Employer environment.

Download the snapshot

For a detailed breakdown of the advantages and varieties of Direct-to-Employer arrangements, download the "Snapshot: Physician-employer engagement" (PDF).

More articles on Direct-to-Employer arrangements

The AMA has developed these additional materials to help physicians navigate available opportunities and negotiate terms that reflect the practices' goals and preferences.

- Case studies, custom networks and contract terms: Direct-to-Employer arrangements
- Model checklist: Physician-employer engagement: Direct-to-Employer arrangements