

# Direct-to-employer contracting: What doctors should know

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Frustrated by traditional arrangements with insurance companies, some innovative employers are contracting directly with physician practices to lower costs and improve quality of care and patient satisfaction.

The AMA has developed resources that include case studies and recommended contract language to help physicians decide whether partnering directly with employers makes sense for their practice.

These resources include:

- “Case Studies, Custom Networks, and Contract Terms: ‘Direct-to-Employer’ Arrangements,” which gives an overview of important contract terms, in addition to describing the value-based arrangement between General Motors and the Henry Ford Health System, as well as alternative custom network models.
- A model checklist that outlines practice capabilities and compensation issues that practices need to assess before entering into a direct-to-employer contract.
- A snapshot that summarizes all the issues involved with direct-to-employer contracts.

For employers, the benefits to direct contracting include boosting employee productivity by improving wellness and reducing workdays lost to illness.

For physicians, benefits can include access to more patients and a more predictable revenue stream. Potentially, the new revenue source could mean spending more time with patients and greater flexibility to innovate or offer a wider range of services such as providing health coaches and/or patient navigators.

## How doctor engagement differs

Arrangements vary from single-service services such as administering vaccines, to offering employee education, health assessment or coaching as part of a wellness-program assistance contract, to dedicating certain clinical times to employees at a location convenient to the employer.

These arrangements can include on-site clinics or having on-site telemedicine facilities so employees can access remotely-located physicians.

Employers are typically motivated by issues around cost, quality and patient satisfaction and experience. Physicians who are statistical outliers on these metrics may find themselves excluded from an employer's custom network, according to the AMA resources.

Direct contracting, however, does not necessarily mean the end of dealing with insurance companies. That's because they often still act as third-party administrators managing claims and/or physician payment on behalf of the employer.

## Get it in writing

Most managed-care contracts include provisions stating that physicians are free to maintain and exercise their independent medical judgment. But employers are not managed-care organizations, so the AMA recommends a contract provision stating that, while the employer has control over the plan, it cannot exert control over a physician's practice of medicine.

Sample contract language is provided to cover that issue, as well as compensation. It should be noted that provisions included in contractual language can be complicated due to elements of shared savings and fee-for-service.

Data sharing and stewardship is another important aspect of direct-to-employer contracting. Along with data-ownership provisions, contracts also need to address privacy and security concerns, information on the type of data that will be tracked, who is responsible for doing so, and the content, timing and format for any reports that the employer and physicians should rightfully expect from one another.

## Driven to improve

A case study describes ConnectedCare, the arrangement between General Motors and AMA Health System Program partner Henry Ford. Elements of the plan include that:

- | Henry Ford must keep costs below an annual limit, sharing in some of the savings if it does or be responsible for some of the losses if it doesn't.
- | Henry Ford must meet 19 metrics regarding quality, cost and utilization.
- | Employees must be able to make same-day primary care appointments and be able to see a specialist within 10 days.
- | Employees have a \$1,500 deductible and are subject to higher cost sharing if they see an out-of-network physician.

“Physicians looking to diversify their practices may find it beneficial to engage directly with local employers to provide care to their employees, retirees and dependents,” the AMA snapshot says. “Innovative employers are increasingly partnering directly with physicians as they are no longer content with relying solely on third-party administrators to manage health care costs and delivery for their employees.”