High-performing private practices are doggedly driven to succeed

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While the number of small, physician-owned practices may be shrinking, they are still a significant part of the U.S. health care delivery system. A report outlines the support these practices could use to survive—and thrive—in the face of immense administrative, financial and clinical challenges in a predominantly fee-for-service environment.

The report, “Supporting and Promoting High-Performing Physician-Owned Private Practices: Voices from the Front Lines” (PDF), was co-published by the AMA and Mathematica and reports the findings from a qualitative study conducted to define, analyze and assess the factors that create and sustain high-performing, physician-owned private practices.

Although there are fewer of these practices around than a decade ago, the authors noted that 49.1% of doctors either own or are employed by a physician-owned practice, so the number of people who rely on these practices for care is still high.

“For the foreseeable future, physician-owned practices will be an integral part of the health care ecosystem,” the paper says. “The success of this practice model cannot depend only on dedicated physicians and care teams, but also requires commitment and collective efforts of policymakers, educators, professional organizations, and other entities to remove obstacles and create equitable opportunities for success.”

One size does not fit all

Researchers identified 3,526 high-performing candidate practices that had 15 or fewer physicians, were not owned by health systems and scored 70 points or higher—out of 100—on the Centers for Medicare & Medicare Services’ Merit-based Incentive Payment System’s quality score for groups in
2017.

Focusing on primary care, multispecialty, cardiology, and general surgery practices, the researchers interviewed leaders from three solo practices, seven small practices and 15 medium-sized practices across 20 states. Two points emerged clearly: Governance and staffing structures varied widely, with no single model emerging as better than others, and a key driver of high performance was choosing the right physician partners.

A strong emphasis was placed on individual physician excellence, defined informally as establishing a positive reputation in the community and going the extra mile for patients. “Excellence” was also formally measured using data on clinical standards and patient outcomes.

“All physicians indicated that the fee-for-service environment does not provide direct financial motivation for high-quality care,” the report says. “Instead, physicians expressed personal and professional motivations for delivering high-quality care, such as being seen as the go-to practice for other physicians in the area and doing what they think is best for patients, physicians and society.”

Generally, the smaller the practice, the more likely physicians were to handle administrative tasks.

“You’re everything,” said a doctor with a small family medicine practice in the South who was quoted in the report. “You’re the physician, you’re the manager, you’re the human resource person, you’re the computer technician. Everything falls on your head.”

Many physicians interviewed reported feeling the pride that comes with being a local small business with freedom to make decisions and form strong community connections.

The physicians interviewed appeared “doggedly determined to succeed in private practice” and felt privileged to do work they found meaningful, says the report. At the same time, they reported feeling isolated, and many wished they had more contact with like-minded physicians.

Who can help and how

The AMA-Mathematical report details how various health care stakeholders could better support physician-owned practices.

According to the report:

Health services researchers could clarify the value and sustainability of small physician-
owned practices.

Professional societies, independent physician associations and accountable care organizations could assist with contracting for network access and fair payment rates or group purchasing, while offering coaching on expense-forecasting and other business matters.

Medical educators should expose students and residents to the option of working at a physician-owned practices by offering clinical rotations at independent practices. Policymakers should reduce administrative burdens and create equitable opportunities for success for small physician-owned practices.

It takes astute clinical judgement, effective collaboration with colleagues, and innovative problem-solving to succeed in an independent setting that is often fluid, and the AMA offers the resources and support physicians need to both start and sustain success in private practice.

Find out about the AMA Private Practice Physicians Section, which seeks to preserve the freedom, independence and integrity of private practice.