

# New contract arrangements, new stress for private practices

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Value-based contracts between private practice physicians and third-party payors are becoming increasingly prevalent, and their complexity is placing new demands on doctors already struggling to navigate the challenges of telehealth, the COVID-19 pandemic and more.

To manage those agreements successfully, practices should work to build better relationships with their payors, participate in better data-gathering, and learn the ins and outs of value metrics, according to the experts who took part in an AMA Private Practice Physicians Section (AMA-PPPS) panel discussion.

If physicians and their staff can develop those connections and resources, value-based contracts can be managed—just not easily.

Three experts, including an attorney who specializes in third-party payor contracts and two physicians in private practice, discussed the stress of managing new contract terms.

The panel included Neal D. Shah, a shareholder in the health care practice alignment and organizations at the Polsinelli law firm in Chicago, AMA-PPPS Chair M. Zuhdi Jasser, MD, head of the Jasser Center for Comprehensive Care in Phoenix, and Karen L. Smith, MD, owner of a private family practice in Raeford, North Carolina.

Doctors can learn more from subject-matter experts in the AMA's free, two-hour webinar series ("Payor Contracting 101" and "Payor Contracting 201") that guides private practice physicians through the complexities of the health-plan payment landscape.

The AMA also has developed a great new private practice toolkit on payor contracting that covers these elements:

- [Payor Contracting 101?\(PDF\)](#).
- [Payor Contract Review Checklist?\(PDF\)](#).

- Payor Contract–Sample Contract Language?(PDF).
- Examples of Significant Payor Unilateral Policy Changes?(PDF).

## Headwinds to change

“There’s a lot changing around us, and there are headwinds to that change,” Dr. Jasser said. “That includes consolidation of insurance companies with hospitals and others.”

These changes not only complicate contracts but also affect the opportunity to interact with payors and colleagues. “The feedback loop now takes 12 to 18 months,” Dr. Jasser said.

He recommended increasing contact with medical directors, data managers, and others in payor administration. In return, the payors can provide better resources, including software and more intelligence about formularies and other factors in the modern health care environment, he said.

Building better relationships is somewhat difficult, Dr. Smith noted. She and her private practice colleagues eventually found their way into accountable care organizations (ACOs) and practice transformation networks where they thrived after obtaining better tools to manage the information requirements of the new contracts.

“We could not get a common platform for our data, our management and our patients. It was very difficult,” she said. But as she and her private practice colleagues evolved, so did their ability to maximize the new relationships.

The successful practices “had a good data-collecting model and have good connectivity to the quality payment platform,” she said. “If I had to say anything to a private practice today it would be: Make sure your data infrastructure is intact.”

Learn more about Dr. Smith, an AMA-PPPS member, and how her rural family practice has found success with an ACO.

Blended payment contracts—agreements that combine traditional fee for service and various quality metrics and incentives—are also more popular and solve some logistical problems for some patients. But they also require more staff and legal expertise to manage, the panelists added.

## Allure of concierge medicine

Should physicians eliminate all the intermediaries between themselves and their patients, and establish their own financial terms to simplify their data needs? Concierge medicine, also called direct care, is another approach that some physician private practices have pursued, but it also has administrative challenges.

In most cases, physicians cannot eliminate all third-party contracts and are left with hybrid models in which some patients pay a subscription and others use Medicare or insurance.

“Many, many of your patients are involved in third-party payors. There are contractual provisions and third-party payor policies that limit their ability” to take part in direct-care relationships, Shah said.

Concierge arrangements are not always easy for physicians either, Dr. Jasser said during the session, which was presented during the November 2021 AMA Special Meeting, held virtually due to the pandemic.

“That is a big transition for folks that can involve abandoning patients. The shift is a big transition for us. The shift can be difficult if not impossible for many of us to do depending upon the population in which we practice,” he said.

It takes astute clinical judgement as well as a commitment to collaboration and solving challenging problems to succeed in independent settings that are often fluid, and the AMA offers the resources and support physicians need to both start and sustain success in private practice. ?

Also, check out the AMA guide to keeping your physician practice open during COVID-19.