Help private practices build their part in new payment models

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The AMA and other medical associations can do their part to guide physicians, including independent private practice physicians, in participating in prospective payment models. New policy offers guidance on collaborating with other physician practices while maintaining autonomy, reducing administrative burdens, and improving quality metrics.

Interest in value-based or alternative payment models has gained traction over the last 10 years among public and private payers concerned about rising health care costs and quality outcomes. In 2020, some primary care practices using prospective payment models such as a per-member-per-month model appeared to weather pandemic-related financial hardships more effectively than those in fee-for-service models, according to a report that was adopted at the 2022 AMA Annual Meeting in Chicago.

“Appropriately funded prospective payment models offer one solution to provide potential stability and predictability of payment for some practices when demand for services decreases,” says the AMA Council on Medical Service report.

But significant barriers remain. Payment models have become increasingly complex and lack of timely data and operational errors have also impeded adoption. Costly health information technology has posed a major roadblock. Smaller private practices interested in collecting real-time actionable data may not have an IT system that supports a prospective payment model.

Independently practicing physicians would benefit from new principles to address the unique challenges of contracting with other practices on prospective payments.

Keeping this in mind, the AMA House of Delegates adopted new policy to “support consideration of prospective payment elements in the development of payment and delivery reform that are consistent with AMA principles.”
Delegates also adopted policy to support the following principles to support physicians who choose to participate in prospective payment models:

- The AMA, state medical associations and national medical specialty societies should be encouraged to continue to provide guidance and support infrastructure that allow independent physicians to join with other physicians in clinically integrated networks, independent of any hospital system.
- Prospective payment model compensation should incentivize specialty and primary care collegiality among independently practicing physicians.
- Prospective payment models should take into consideration clinical data, where appropriate, in addition to claims data.
- Governance within the model must be physician-led and autonomous.
- Physician practices should be encouraged to work with field advisors on patient attributions and a balanced mix of payers.
- Quality metrics used in the model should be clinically meaningful and developed with physician input.
- Administrative burdens, such as those related to prior authorization, should be reduced for participating physicians.

Delegates also directed the AMA to “identify financially viable prospective payment models and develop educational opportunities for physicians to learn and collaborate on best practices for such payment models for independent private practice.”

Read about the other highlights from the 2022 AMA Annual Meeting.