



# Practice options for physicians

No single model of care delivery will allow physicians to meet all the diverse needs of America’s patients in our evolving health care environment. This is due to a variety of factors including the emphasis on care coordination across settings, advancements in new technologies and treatments, differing expectations of patients and the emphasis on value.

**The American Medical Association supports physicians in all practice settings and specialties. One way we show our commitment is by assisting you in pursuing the model of care delivery that best suits you and your patients.**

Physicians now have numerous practice options from which to choose. These options vary depending on physician preference, chosen specialty, geography, the specific patient population, and the health care market dynamic between other providers (e.g., a hospital) and payers. This resource will help you gain a new perspective on the benefits and value of each option, better understand its short- and long-term personal and professional impact, and set realistic expectations for your chosen path.

You’ll also learn about AMA-related resources for all practice types that can help you deliver high-quality care to your patients.

In addition to the practice options identified, there are many other non-traditional employment opportunities for physicians, although they will not be discussed in this resource.

## Four practice options

Choosing a practice setting ultimately will be based on your unique professional and personal needs and desires. You can be an owner of a solo practice, an equity owner of a group practice or an employee of a group practice, hospital, health care system (which includes private or public organizations such as the government and payers) or an academic institution (see Figure 1). While each has its own distinct risks and rewards, you can find value in each practice option from your own vantage point.

**Figure 1: Four practice options**



Source: AMA 2015

## AMA resources that support all practice types

The AMA provides resources to help you succeed in all practice types—some are free, others have associated costs. AMA members receive many of these resources free of charge or at a discounted price.

### To help keep you informed of news that affects the medical community

#### [AMA Morning Rounds](#)

*AMA Morning Rounds* is a daily e-news briefing tailored to the needs of physicians and summarizing key reporting on the field of medicine over the preceding 24 hours. Each briefing is distilled from more than 3,000 major newspapers, magazines, websites and broadcast media sources around the country.

#### [AMA Advocacy News](#)

This Web page lists the AMA's advocacy efforts, at both the federal and state levels, that support all physicians.

#### **AMA Advocacy Update**

This e-newsletter covers the AMA's most recent activity on advocacy topics.

#### **AMA social media**

Interact with the AMA through its many social media channels including Facebook, YouTube, Twitter and LinkedIn.

#### [AMA Leadership Viewpoints blog](#)

AMA leaders discuss important initiatives and industry news. AMA Viewpoints blogs are published in *AMA Wire*<sup>®</sup>.

#### [AMA Wire<sup>®</sup> and AMA Wire<sup>®</sup> Alerts](#)

Breaking news, special events and meeting recaps are all found in this AMA news blog.

### To help with your career development and educational needs

#### [AMA profiles/verification services](#)

Assists with the credentialing of Doctors of Medicine (MDs), Doctors of Osteopathic Medicine (DOs) and Physician Assistants (PAs).

#### [CME via The JAMA Network<sup>®</sup> and the AMA Education Center](#)

The AMA Education Center and The JAMA Network host a variety of continuing medical education (CME) and non-CME educational activities on numerous topics.

#### [JAMA<sup>®</sup> Career Center](#)

Find thousands of physician jobs in internal medicine, emergency medicine, ob/gyn, general surgery and more specialties. The site also presents physician career opportunities, news and information relevant to the full spectrum of medical practice.

#### [AMA Physician Recognition Award \(PRA\)](#)

The AMA PRA and the related credit system recognize physicians who demonstrate their commitment to staying current with advances in medicine by participating in certified CME activities.

#### [Journal of the American Medical Association \(JAMA\)](#)

*JAMA*<sup>®</sup> is an international peer-reviewed general medical journal. It is a member of The JAMA Network family of journals, which includes 10 specialty journals.

#### [AMA Code of Medical Ethics](#)

An essential companion for those who contend with the challenging ethical issues inherent in modern medicine.

## To help with your practice needs

### [Current Procedural Terminology \(CPT®\) information and resources](#)

Learn about the AMA's CPT process, information for choosing a CPT coding product, information on Medicare billing issues and access CPT resources such as CPT® Assistant Online and the CPT® Network. Education sessions include live events and online training.

### [Navigating emerging payment options](#)

Understand the new payment and delivery options and how to thrive under them with AMA resources. They help physicians in all practice sizes determine the level of integration that makes the most sense for their practice.

### [Medicare Physician Payment Reform](#)

How will the sustainable growth rate (SGR) repeal law affect your practice? Get the facts on the new Medicare Access and CHIP Reauthorization Act (MACRA), and access helpful resources—including answers to frequently asked questions and guidance on Medicare alternative payment models.

## To help you save money

### [AMA Store](#)

AMA members can save up to 25 percent at the AMA Store on the books you need (many available in e-book format).

### [AMA Preferred Provider Program](#)

Medical students and physicians receive discounts and benefits on numerous products and services from Mercedes-Benz, UPS®, Wells Fargo®, Henry Schein®, Hertz® and other providers.

## To help with your insurance needs

### [AMA Insurance Inc. and financial management](#)

AMA Insurance Agency Inc. helps meet the insurance needs of U.S. physicians and their families, both AMA members and non-members (members save up to 35 percent on AMA Insurance products and financial services). Insurance products include life, disability, health, auto/home, dental and business.

## To help you connect with your peers

### [AMA meetings and events](#)

Attend educational sessions and network with peers from around the nation at conferences and other AMA-sponsored events.

### [Groups and sections for AMA members](#)

AMA members may join groups and sections that provide opportunities to become involved in issues facing physicians today, along with networking events, such as conferences and other outreach programs.

The following overview explores four practice options with many of their risks and rewards.<sup>1</sup> AMA resources to help you find success on your chosen path are highlighted. Please note that these resources may be helpful in multiple practice types or settings.<sup>2</sup>

1. Degrees of clinical autonomy, operational risk and financial risk will vary depending on your individual circumstances. The descriptions of these items in this document are solely intended to provide a general idea of each concept.

2. The resources presented in this document do not represent all benefits, tools and resources that the AMA provides to physicians. Visit the AMA website at [ama-assn.org](http://ama-assn.org) to learn about and access additional resources.

# Owner of a solo practice

Owning a solo practice gives you the most control and autonomy. You have the ability to create and define the practice as you see fit. You also have the entrepreneurial freedom and authority to manage your business according to your personal, financial and operational risk tolerance (e.g., developing individualized benefit packages).

There are two ways to start a solo practice: establish a new practice from scratch or purchase an existing one.

## Establish a new practice

Building a solid infrastructure is key to establishing your own practice. This requires choosing a viable location for your practice (e.g., patient demographics), establishing yourself in the market (e.g., developing strong relations with other providers in the area), growing your patient base (e.g., marketing your practice to the community), as well as employing the necessary clinical and administrative staff. An important consideration when assigning roles and delegating tasks to new and existing staff are meeting all regulatory requirements and scope-of-practice laws. If considering financial help from a hospital or health system, become aware of the Stark Law (i.e., self-referral) and the anti-kickback statute.

## Purchase an existing practice

Unlike starting your own practice, purchasing an existing one presents advantages such as allowing you to acquire an existing infrastructure and patient base. A possible disadvantage could be the practice's culture, which may or may not be suited to your management style.

## Maintaining your solo practice

If you are already the owner of a solo practice, the AMA can help you maintain or achieve practice viability and navigate the new health care environment, including existing and emerging care delivery and payment models. In addition to the many advocacy efforts to ensure practice sustainability, the AMA also provides support and resources for practice improvement in a number of areas such as decreasing administrative burdens, improving practice efficiency and increasing your understanding of alternative payment models.

**On balance, solo practice gives you a high degree of clinical autonomy with high levels of operational and financial risks.**

## Degree of clinical autonomy: High

In a solo practice you can provide the patient care you feel is most appropriate. You are not under as much pressure to adhere to certain resource utilization guidelines, quality assurance standards or subject to referral restrictions as someone who is employed in a group practice, hospital or health care system. However, it is important to note that some of these guidelines may be imposed by payers.

## Degree of operational risk: High

While owning your own practice offers the most autonomy, it can also be challenging and time consuming. For example, you could spend months or years building and growing your practice. While you may be able to set your own schedule, you will also be subject to administrative, regulatory and financial burdens, as well as unpredictable work hours due to factors such as difficulty finding coverage. As a business owner, you will spend a great deal of time running the practice, including being heavily involved in contract negotiations with payers.

## Degree of financial risk: High

In a solo practice, you have sole financial responsibility of the business. This includes overhead, administrative costs, and startup or upgrade expenses. To help with these expenses it is beneficial to have at least a year's worth of savings to carry the practice until the practice becomes sustainable (this may take a year or more). Additionally, you are responsible for growing a diverse and loyal regional network of physician colleagues and patients. However, your ability to care for uninsured or underinsured patients is limited as these patients will generate little income, which may negatively affect a solo practice's finances.

## AMA resources that support physicians in the solo practice

### To help improve practice workflows and reduce administrative burdens

#### [STEPS Forward™](#)

A practice transformation series of modules offering real-world strategies that can improve practice efficiency and achieve the Quadruple Aim outcomes of better care, better health, lower cost and improved professional satisfaction.

#### [Administrative simplification resources and toolkits](#)

View free resources and toolkits that can help streamline claims processing so that physicians can focus on caring for patients.

#### [Electronic funds transfer toolkit](#)

Outlines the step-by-step process of accepting electronic funds transfer payments from payers.

#### [Managing patient payments](#)

Manage patient payments and maximize efficiencies in your collections process with the point-of-care pricing toolkit and maximizing post-visit collections resources.

### To help you facilitate regulatory compliance

#### [Physician financial transparency reports \(Sunshine Act\)](#)

Provides information about the physician's right to review, as well as dispute, reports generated through the Sunshine Act, (e.g., the required reporting of certain payments and items of value given to physicians and teaching hospitals).

#### [HIPAA: Health Insurance Portability and Accountability Act resources](#)

Learn about resources and information that helps physicians comply with HIPAA requirements.

#### [Medicare/Medicaid EHR Incentive and Penalty Programs](#)

Learn about the electronic health record (EHR) meaningful use program, and get support with becoming a meaningful user, selecting an EHR, and avoiding penalties.

### To help increase your understanding of new payment and care delivery models

#### [Next generation physician payment and delivery models](#)

Provides information about payment and delivery reforms that can achieve physician-led patient-centered care, improve physician satisfaction, increase coordination between specialists and primary care, and improve margins.

#### [ACOs and other options: A "how to" manual for physicians navigating a post-health reform world](#)

Helps physicians understand the various options with accountable care organizations (ACOs) and maximize the likelihood of successfully navigating the new post-health reform world, while minimizing the risk of failure.

### To help you understand, evaluate and negotiate contracts with payers

#### [National Managed Care Contract](#)

Provides a searchable tool to compare model contract language, issue briefs on important managed care topics, AMA policy, and the full text of all state and federal managed care laws.

# Owner of a group practice

Equity ownership in a group practice will give you moderate control and autonomy. It is important for you and your partners to establish a common ground when making decisions and come to a mutual understanding when defining the practice. Partners may have different levels of personal, financial and operational risk tolerance, which can affect the direction of the business.

There are two ways to have equity ownership in a group practice: establish a new one with other physicians or buy in to an existing group.

## Establish a new group practice

Establishing your own group practice allows you to build a network of physicians and ancillary staff you trust. Like any business it is important for you and your partners to build an infrastructure, grow your patient base, and comply with evolving regulatory requirements and scope-of-practice laws.

## Buy in to an existing group practice

Buying in to an existing practice allows you to be a part of an established group and acquire an existing infrastructure and patient base, which reduces your financial risk. There are also no startup costs involved. If you are an employee, you may have the option to become a partner in the future, depending on the organization's bylaws and your employment contract. In that case the transition from employee to partner may be eased as you have assimilated with the practice.

## Maintaining your group practice

If you are already an equity owner of a group practice, the AMA can help you maintain or achieve practice viability and navigate the new health care environment in areas such as existing and emerging care delivery and payment models. In addition to many advocacy efforts, the AMA also provides support and resources for practice improvement

on a number of topics including reducing administrative burdens, improving practice efficiency and increasing your understanding of alternative payment models.

**A group practice gives you a moderate degree of clinical autonomy and both operational and financial risks.**

## Degree of clinical autonomy: Moderate

In a group practice you and your partners establish and adhere to standardized workflows and procedures, policies, resource utilization guidelines, clinical pathways and quality assurance standards. You also may be required to follow guidelines and standards set by payers.

## Degree of operational risk: Moderate

In a group practice you and your partners make joint decisions regarding income distribution, individualized benefit package, office management and other practice issues. Interpersonal conflicts can arise when partners have different opinions about how best to manage the practice, which requires making compromises along the way. You will also bear the consequences of decisions made by others, as you will not have personal input into every decision regarding the practice—including those related to finances or personnel.

## Degree of financial risk: Moderate

Financial responsibilities of the business, such as overhead and administrative costs and startup or upgrade expenses, are shared between you and your partners. At the same time, you share entrepreneurial freedom when making financial investments, deciding to take on a new partner or affiliating with another provider. The financial impact from seeing uninsured or underinsured patients is limited due to the practice size and the mix of the practice's payer contracts.

## AMA resources that support physician owners of a group practice

### To help you improve practice workflows and reduce administrative burdens

#### [STEPS Forward™](#)

A practice transformation series of modules offering real-world strategies that can improve practice efficiency and achieve the Quadruple Aim outcomes of better care, better health, lower cost and improved professional satisfaction.

#### [Administrative simplification resources and toolkits](#)

View free resources and toolkits that can help streamline claims processing so that physicians can focus on caring for patients.

#### [Electronic funds transfer toolkit](#)

Outlines the step-by-step process of accepting electronic funds transfer payments from payers.

#### [Managing patient payments](#)

Manage patient payments and maximize efficiencies in your collections process with the point-of-care pricing toolkit and maximizing post-visit collections resources.

### To help you understand, evaluate and negotiate contracts with payers or employers

#### [National Managed Care Contract](#)

Provides a searchable tool to compare model contract language, issue briefs on important managed care topics, AMA policy, and the full text of all state and federal managed care laws.

#### [Physician employment and contracting](#)

Helps prepare physicians, group practice owners and their respective professional advisors to negotiate employment and other contractual agreements.

### To help increase your understanding of new payment and care delivery models

#### [Next generation physician payment and delivery models](#)

Provides information about payment and delivery reforms that can achieve physician-led patient-centered care, improve physician satisfaction, increase coordination between specialists and primary care, and improve margins.

#### [ACOs and other options: A “how to” manual for physicians navigating a post-health reform world](#)

Helps physicians understand the various options with accountable care organizations (ACOs) and maximize the likelihood of successfully navigating the new post-health reform world, while minimizing the risk of failure.

#### [Strengthen your practice](#)

The practice landscape is changing—make sure your practice is ready for it. Even taking initial steps toward collaborating with peers and other practices can provide you with important benefits. This resource covers practice options ranging from mergers to a wide variety of other, more basic, collaborative arrangements.

# Employee of a group practice, hospital or health care system

By becoming an employee of an organization (private or public), you have an established patient base and increased income stability. You may also have a more predictable schedule, depending on the number of physicians in the organization. However, you will have less control over income distribution, office management and other practice issues. Depending on the organization and the physician's interest, there may be leadership and management opportunities available to practicing physicians—those commitments can require very little to almost all of a physician's time.

## Group practice

You can become an employee of a single- or multi-specialty group practice. A single-specialty group practice has a less complicated financial structure than a multi-specialty group practice. For example, because of the different types of medical practitioners, a multi-specialty group practice tackles challenges such as income disparities.

## Hospital or health care system

Hospitals and health care systems are familiar settings for young physicians who have completed residency and/or fellowship. There is also potential prestige in being associated with a well-known hospital or health care system. The size and patient volume of these organizations may provide more ancillary assistance to its clinicians and offer opportunities for expanding into other aspects of health care delivery (e.g., serving on governance committees and working in nonclinical positions).

## Government entities

You can become an employee of various government entities, including the Veteran Affairs health care system and hospitals, government (state or local) health departments and/or health systems such as federally qualified health centers or community health networks. All of these entities subject physicians working in them to increased government oversight. One example of physicians working for government entities is public health officers, who perform a variety of duties to improve the overall health of a community including

overseeing public health programs, and developing and implementing prevention programs on various diseases and illnesses.

**Employees of a group practice, hospital, health care system, or government entity have low levels of clinical autonomy, as well as operational and financial risks.**

## Degree of clinical autonomy: Low

Employed physicians give up most of their clinical autonomy as they are required to adhere to their organization's resource utilization guidelines, quality assurance standards and potential referral restrictions. Continuity of care for patients may also be affected. For example, if your organization no longer participates in a certain insurance product, patients who use that health insurance plan could be turned away. While this may be true for other practice options as well, employed physicians may have limited say in what payer contracts the practice participates in.

## Degree of operational risk: Low

As an employed physician your ability to influence governance and office management issues, control over the workload, cross coverage of patients, scheduling and other factors is limited. Physician partners or physicians in leadership positions within the practice, hospital or health care system will have more control and input over these issues, unless you are in a system that empowers practicing physicians to create and implement ongoing process improvement. Your operational risk may be increased to a moderate level depending on your employer's requirements to produce relative value units (RVUs) for practicing medicine.

## Degree of financial risk: Low

As an employee your ability to provide input into the organization's finances and key business decisions is limited, unless you are in a leadership position. Not having these responsibilities frees you up to focus more on patient care without having to worry about the business aspect of the organization. Because you share clinical responsibilities with other physicians, you may also have predictable hours and a steady income (with or without bonus incentives).

## AMA resources for employees of a group practice, hospital or health system

### To help improve practice workflows and reduce administrative burdens

#### [STEPS Forward™](#)

A practice transformation series of modules offering real-world strategies that can improve practice efficiency and achieve the Quadruple Aim outcomes of better care, better health, lower cost and improved professional satisfaction.

### To help increase understanding of new payment and care delivery models

#### [Next generation physician payment and delivery models](#)

Provides information about payment and delivery reforms that can achieve physician-led patient-centered care, improve physician satisfaction, increase coordination between specialists and primary care, and improve margins.

#### [ACOs and other options: A “how to” manual for physicians navigating a post-health reform world](#)

Helps physicians understand the various options with accountable care organizations (ACOs) and maximize the likelihood of successfully navigating the new post-health reform world, while minimizing the risk of failure.

#### [Strengthen your practice](#)

The practice landscape is changing—make sure your practice is ready for it. Even taking initial steps toward collaborating with peers and other practices can provide you with important benefits. This resource covers practice options ranging from mergers to a wide variety of other, more basic, collaborative arrangements.

### To help you connect to your peers

#### [Groups and sections for AMA members](#)

AMA members may join groups and sections that provide opportunities to become involved in issues facing physicians today, along with networking events such as conferences and other outreach programs.

### To help you understand, evaluate and negotiate contracts with employers

#### [Physician employment and contracting](#)

Helps prepare physicians, group practice owners and their respective professional advisors for negotiating employment and other contractual agreements.

# Physicians in academia

Academic institutions, such as colleges and universities, have cultures that value a tripartite mission of patient care, education and research. As an employee of an academic institution, you have an opportunity to conduct cutting-edge research, be in close proximity to individuals of multiple specialties, and teach or mentor future physicians. Depending on the organization and the physician's interest, there may be leadership and management opportunities available to practicing physicians that can require very little to all most all of a physician's time. While there are many opportunities to take on new roles and responsibilities, advancing in your career may require a geographic move because academic opportunities are limited—there are approximately 141 accredited allopathic schools and 400-plus teaching hospitals.

## **Degree of clinical autonomy: Low to moderate**

Depending on your primary focus area, you may have low to moderate clinical autonomy. As an academic researcher you may not see any, or see very few, patients. Therefore, any pressure to adhere to various utilization guidelines or quality assurance standards would be limited. However, as a teaching physician, you have moderate clinical autonomy because you oversee the clinical performance of your residents and may be accountable for their mistakes, requiring you to adhere to various standards and guidelines. As an academic physician focused on clinical care, you hold a faculty designation and still see patients, subjecting you to

even more adherence to any guidelines or standards which decreases your level of clinical autonomy to low.

## **Degree of operational risk: Low to moderate**

Academic institutions are very hierarchical and can have complex leadership structures that create bureaucratic inefficiencies. They also have numerous committees. As an academic researcher you may have a moderate operational risk in a tenured track due to publication requirements to remain employed that require a functional lab for bench researchers or access to excellent databases for other types of research. As an academic physician who is focused on clinical care and teaching, you may have lower levels of operational risk because you may not have to produce RVUs for practicing medicine, which may also be true for other practice options.

## **Degree of financial risk: Low**

Salaries may be lower for academic physicians because many institutions that are safety net institutions struggle financially. However, some have great benefits (e.g., time off, defined benefits, pensions) that offset a lower salary. While you may enjoy a stable income, academic researchers often have to secure grants to fund various research studies which include the research team and equipment. This puts them at higher financial risk due to the shrinking federal and private sector support.

## **AMA resources for physicians in academia**

### **To help you stay on top of medical ethics and medical ethics education**

[AMA Journal of Ethics \(formerly Virtual Mentor\)](#)

The AMA's MEDLINE-indexed ethics publication is student- and resident-driven and a valuable teaching resource for medical educators at all levels.

### **To help you improve medical education**

[AMA Accelerating Change in Medical Education](#)

AMA Accelerating Change in Medical Education is reimagining medical education. Its grant participants are developing and testing best practices that can be shared and implemented in medical schools across the country.

### **To help keep you informed of news that affects physicians in academia**

[AMA's Med Ed Update](#)

This monthly medical education e-newsletter focuses on news and information on graduate medical education, health care careers, medical schools and continuing physician professional development.

To help all physicians prepare for the future, the AMA is undertaking a bold, long-range strategy centered on:

- Working with physicians to advance initiatives that [enhance practice efficiency, professional satisfaction and improve the delivery of care](#)
- [Re-imagining medical education](#) with doctors trained to meet the needs of today's patients and to anticipate future changes
- [Improving patient health](#) by preventing certain chronic diseases

Whether you are choosing your career path, exploring another practice option or simply want to improve your practice experience, take these important steps:

- Honestly assess your personal and professional goals
- Evaluate your financial and operational risk tolerance
- Determine your preferred degree of clinical autonomy<sup>1</sup>
- Assess the viability of your practice option

---

1. The term *clinical autonomy* in this document refers to the physician's ability to make clinical care decisions that they deem in the best interest of the patient, independent of any outside constraints imposed on them by an organization or entity such as a hospital, health system or payer.

Activate your American Medical Association membership today. You'll gain valuable resources and savings that can help you and your practice. Visit [ama-assn.org](http://ama-assn.org) for more information or call AMA Member Relations at **(800) 262-3211**.

Get the convenience of one consolidated bill and savings up to 50% on membership dues if you join as a group. Contact Alyce Christensen at [alyce.christensen@ama-assn.org](mailto:alyce.christensen@ama-assn.org) or **312-464-5298** to take advantage of this opportunity.