

Unwinding existing arrangements

Snapshot

Physicians who are considering whether to unwind existing relationships with health organizations, including hospitals, health systems, or large group practices that are owned or controlled by health systems or payers, may encounter a variety of operational, strategic and financial hurdles. The American Medical Association has developed tools to help navigate this process, including an [“Unwinding existing arrangements: Model checklist”](#) of key considerations and a [“How to evaluate contractual arrangements: Unwinding existing agreements”](#) guide that offers a deeper discussion to assist physicians in better understanding their rights and obligations under the arrangement.

Topline issues to consider

- **Available options**
Part of making a choice to unwind is assessing what alternative practice options exist and what next steps are available. For example, venture capital/private equity investment, accountable care organization (ACO)/clinically integrated network (CIN) participation, and employer models are potential offramps to a relationship that is no longer working. View AMA payment model resources [here](#).
- **Costs**
Being able to estimate the financial impact, positive or negative, short and long-term, of a decision to unwind is critical to informed decision-making. Access to patients, new and established, may also depend on the ability of the physicians to enter into contracts with plans that may have preferred provider relationships with the health organization from which the physicians are separating. New costs for staff, infrastructure and compliance may be created, while other costs—such as penalties under quality reporting programs—may be increased or decreased. The tolerance of the physicians (and their families) for the financial consequences of change should be well understood while decisions are being made, as some members may have financial obligations or income expectations that make them risk-averse and perhaps less supportive of any change to the status quo.
- **Patient portability**
Patients typically want to stay with their physician, regardless of whether that physician is part of a health system-owned practice, a CIN or “supergroup,” or an independent practice. As much as this is true, patients often feel they have no option but to seek a new source of care if their current doctor is no longer included in the network established by their insurer. Issues such as data retention and communications to patients about the unwinding of a relationship can either smooth over or interfere with the transition for the patients and the physicians, depending on how they are handled.

- **Contractual considerations**

Contractual provisions, such as non-competes, that require physicians to leave a market if they are no longer employed or affiliated with a health system can be a deterrent to unwinding an arrangement. States' laws differ in the degree to which non-compete clauses are enforceable. In some instances, physicians who are bound by a non-compete clause may still have some latitude to negotiate if they wish to continue practicing in the same market, particularly if the services provided are unique in the market. Similarly, understanding exclusivity provisions or the continuance of medical staff privileges can be important to unwinding an existing arrangement.

- **Timing**

As with any professional arrangement, the choice of when to leave can significantly impact compensation and other factors important to unwinding the transaction. Understanding contractual, financial, and external factors which may be driving pressure to unwind a relationship at a particular time can help a physician or practice strategically navigate the [unwinding process](#).

Disclaimer

The information and guidance provided in this guide are believed to be current and accurate at the time of posting. This document is for informational purposes only, and the information and guidance contained in this document are not intended and should not be construed to be or relied upon as legal, financial, medical, or consulting advice. It is not intended as a substitute for the advice of an attorney or other financial or consulting professional. Each health care organization is unique and will need to consider its particular circumstances and requirements, which cannot be contemplated or addressed in this guide. References and links to third parties do not constitute an endorsement, sponsorship, or warranty by the American Medical Association, and the AMA hereby disclaims all express and implied warranties of any kind.