



# What Makes a High-Performing Practice?

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# **AMA is the physician's powerful ally in patient care**

We do this by

Removing obstacles that interfere with patient care

Leading the charge to confront today's public health crises

Restoring joy, meaning and purpose to the profession

# Outline

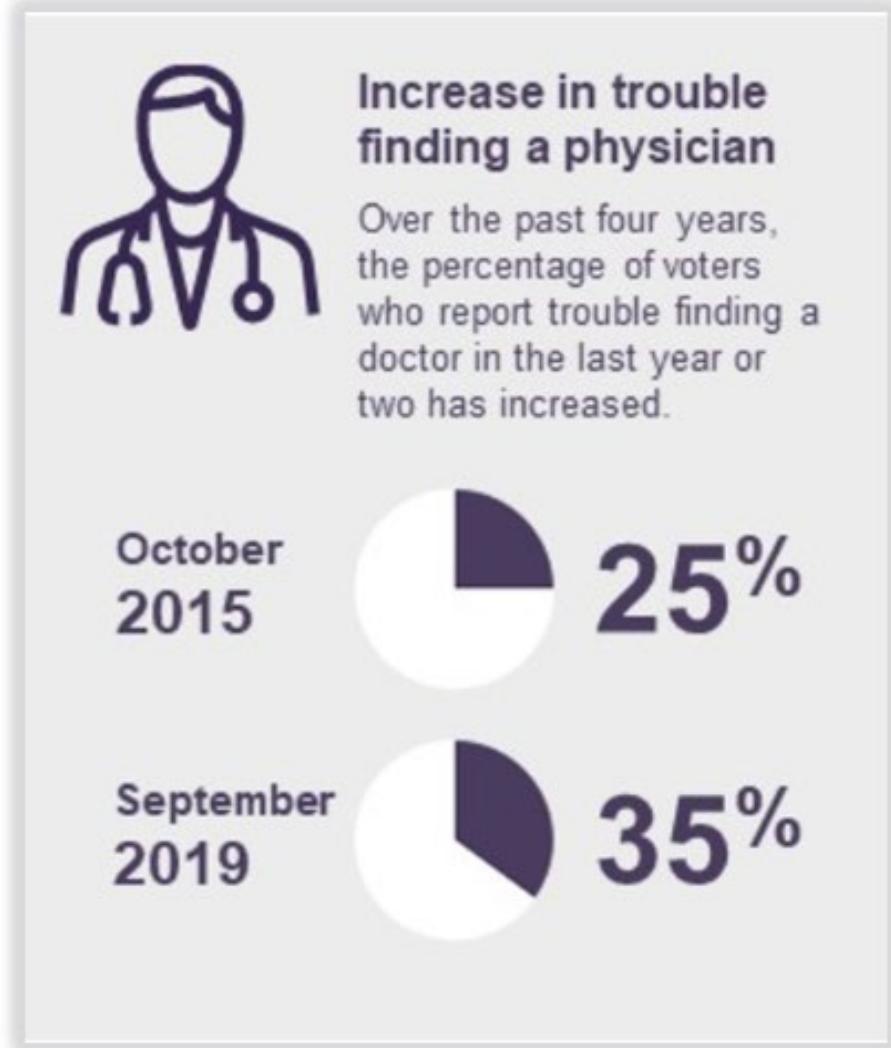
- Review of the private practice landscape
- Defining a high performing private practice:
  - What does success look like?
  - What's needed?
- Tools and resources

# Why Enhanced Focus on Private Practice Now?

- In 2020, fewer physicians owned their practices c/w 2001 (44.0% c/w 61.0%)<sup>1</sup>
- Hospital acquisition of practices has not resulted in anticipated improvement in the quality of care:
  - "...modestly worse patient experiences and no significant changes in readmission or mortality rates."<sup>2</sup>
- Access to care is reduced or lost when practices are relocated or shuttered<sup>3</sup>
- Market competition based on quality and price may be lost if practices close their doors
- Expansion of integrated health systems may raise the cost of care

## SOURCES

1. Kane, CK. *Policy Research Perspectives*. 2020
2. Beaulieu, N. *Changes in Quality of Care after Hospital Mergers and Acquisitions*. *N Engl J Med* 2020; 382:51-59. DOI: 10.1056/NEJMsa1901383
3. AAMC. *2019 Public Opinions Strategy Survey*
4. © 2021 American Medical Association. All rights reserved.



[2019 AAMC Public Opinion Research](#)



Physicians' powerful ally in patient care



# Why Enhanced Focus Now?

- Once a practice closes, it is harder to reopen or replace it
- Loss of “linchpin” independent practices threatens the sustainability of others in the same community (need for critical mass, services and coverage)
- Loss of physician choice of practice model and reduced professional autonomy threaten professional satisfaction<sup>2</sup>
- Loss of patient choice about where and from whom they receive care can reduce patient satisfaction
- Access to care in rural and frontier communities may decrease
- Loss of competition impacts patient outcomes and cost of care<sup>1</sup>

## SOURCES

1. Bischof, Tamara; Kaiser, Boris (2019) : Who cares when you close down? The effects of primary care practice closures on patients, Discussion Papers, No. 19-07, University of Bern, Department of Economics, Bern
2. The Journal of the American Board of Family Medicine Jul 2018, 31 (4) 529-536; DOI: 10.3122/jabfm.2018.04.170360

# Factors impacting choice of practice setting

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- Rising percentage of women in medicine<sup>1</sup>
  - Two-career couples' need for two jobs favors larger urban institutions/settings
  - Tradeoffs: money, time and risk-taking
- New(er) practice options (e.g., hospitalist practice in a large health system) offer salary guarantees, more predictable schedules and the promise of greater work-life balance<sup>2</sup>
- Educational debt upon medical school graduation and completion of training impacts choice of specialty and willingness/ability to assume financial risk
- Limited exposure during undergraduate and graduate medical education to independent practice or managing a business
- VBC participation requires investment in infrastructure, sophisticated management and highly trained personnel<sup>3</sup>

## SOURCES

1. Frank E, Zhao Z, Sen S, Guille C. Gender Disparities in Work and Parental Status Among Early Career Physicians. *JAMA Netw Open*. 2019;2(8):e198340. doi:10.1001/jamanetworkopen.2019.8340
2. Raja S, Stein SL. Work-life balance: history, costs, and budgeting for balance. *Clin Colon Rectal Surg*. 2014;27(2):71-74. doi:10.1055/s-0034-1376172
3. LaPointe, J. New Org Aims to Help Independent Practices with Value-Based Care. 2018. <https://revcycleintelligence.com/news/new-org-aims-to-help-independent-practices-with-value-based-care>

# Life after medical school and residency

- What is the default selection for practice setting for graduates? Employee of a health system
  - Most post-graduate training is completed in employed setting
  - Increased opportunities for direct employment
- Nearing graduation, medical students express confidence in clinical decision-making and clinical care and less confidence about the business aspects of medical practice<sup>1</sup>
- “Most millennial physicians are paying more importance to work-life balance after seeing the firsthand effect of burnout in their colleagues.”<sup>2</sup>

## Why medical students may avoid solo or partnership practices:



dissatisfied with training in  
billing and coding



dissatisfied with training in  
practice management



are concerned with balancing  
work and a personal life

[Future Physicians of America survey - Epocrates](#)

## SOURCES

1. Patel, M., MD, MBA; Lypson, Monica L., MD; Davis, Matthew M., MD, MAPP *Medical Student Perceptions of Education in Health Care Systems*, *Academic Medicine*: September 2009 - Volume 84 - Issue 9 - p 1301-1306 doi: 10.1097/ACM.0b013e3181b17e3e
2. Aymes, S., MD. 2020. *Work-life balance for physicians: The what, the why, and the how* <https://www.medicalnewstoday.com/articles/318087>

# Acquisitions, consolidation and a pandemic

- Insurance industry purchase of physician practices
  - UnitedHealth Group and Optum: >45,000 owned/affiliated physicians, 16M patients<sup>2</sup>
- Private equity investment in independent practices
  - 2013-2016: Private equity firms acquired 355 physician practices<sup>1</sup>
  - 2018: 788 deals representing more than \$100 B in total value<sup>2</sup>
- Hospital acquisition of independent physician practices
  - 2012: 35,700 practices
  - 2018: 80,000 practices<sup>3</sup>
- External practice management services
  - Provide infrastructure and capital
- Uncertain practice sustainability due to the COVID-19 pandemic

## SOURCES

1. Zhu JM, Hua LM, Polksky D. Private Equity Acquisitions of Physician Medical Groups Across Specialties, 2013-2016. JAMA. 2020;323(7):663–665. doi:10.1001/jama.2019.21844
2. Liss, S. Private equity sees ripe opportunity in healthcare this year. 2019. <https://www.healthcaredive.com/news/private-equity-sees-ripe-opportunity-in-healthcare-this-year/548831/>
3. Updated Physician Practice Acquisition Study. PAI, 2019. <http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/021919-Avalere-PAI-Physician-Employment-Trends-Study-2018-Update.pdf>

# Research: What makes a high-performing private practice?

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**Goal:** Inform AMA efforts to support physician-owned practice

**Aims:** Identify/analyze/assess factors that create & sustain high-performing private practices (HPPP)

**Method:** Qualitative interviews with 25 HPPPs based on:

- High performance on MIPS (bonus-eligible)
- Size (1-15 physicians)
- Multiple geographies (HHS regions),
- Specialty (primary care; multispecialty; cardiology; general surgery)

**Domains of inquiry:** External environmental and internal factors; leadership and culture

**Completion:** 2021

# Sample selection

- **High performing:** MIPS score of  $\geq 70$  in 2017 (bonus-eligible)
- **Confirmed: physician practice ownership**
- **Confirmed specialty:** 2017 Physician Compare Downloadable File
- **Size:** Number of physicians in the practice (excluding non-physician clinicians) stratified by size (1-5, 6-10, 11-15)
- **Primary care specialty practice:** All physicians are family or internal medicine specialists
- **Multi-specialty care practice:** >50% of physicians practice in a specialty other than primary care
- **Available sample:** 3,526 practices

# Sample Distribution



	Primary Care	Multi-specialty	Cardiology	Surgery
Solo	3	0	0	0
Small	4	0	0	3
Medium	5	3	3	3
Total	12	3	3	6

# Research findings: Positives

- High-performing private practice is not one-size-fits-all, creating opportunities for:
  - Patient choice
  - Physician choice
- “High-performing” practice to these physicians means delivering high quality care *and* running a successful business (“sweating the small stuff”)
- A private practice physician’s reputation is based on the quality of care *they* deliver, without the benefit of a *halo effect* that might be bestowed by a large system
- Private practice physicians place high value on flexibility, agility and autonomy
- Physicians view accessible, relationship-based care as better care for patients
- High intrinsic motivation (somewhat) balances potentially negative extrinsic motivators
- Care received in a high-performing physician practice is less costly for patients

# Research Findings: Challenges

- Professional isolation and loneliness
- Recruiting costs, challenges, and competition
- Minimal practice management knowledge/experience among recent grads
- Limited leverage in health plan negotiations
- High cost of hiring skilled negotiators
- Low payment rates relative to others
- Limited resources to fully leverage technology and use data
- Costly EHR systems (purchase, maintain, update, use)
- Uncertain ROI from participation in ACOs, IPAs, and similar entities
- Administrative burden

# Actionable insights

- High performers did not “see” themselves as such; they can feel invisible
- Erosion of private practice is a systems problem, not an individual failure
  - Many of the challenges reflect deep, long-standing system issues
- Private practice physicians want help with:
  - Recruiting (visibility): Young physicians cannot choose what they do not see
  - Educating students, residents, young physicians (business acumen; clinical)
  - Negotiating contracts and securing fair payment
  - Optimizing and fully levering technology
- What we’ve learned from them can help AMA help them and others
  - Private practice is an important part of the healthcare delivery landscape

# Tools and resources

- Caring for Caregivers during COVID-19
- AMA COVID-19 Resource Page for Physicians
- JAMA COVID-19 Collection
- Steps Forward™
- Telehealth Implementation Playbook
- Behavioral health integration in physician practices

## NEW:

- Private Practice Sustainability Overview
- Getting started
- Business operations
- Patient experience

[www.ama-assn.org/private-practice-kit](http://www.ama-assn.org/private-practice-kit)



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