What Makes a High-Performing Practice?

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June 5, 2021
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%)\(^1\)
- 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.”\(^2\)
- Access to care is reduced or lost when practices are relocated or shuttered\(^3\)
- 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
3. AAMC. 2019 Public Opinions Strategy Survey

2019 AAMC Public Opinion Research
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

• 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

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
Factors impacting choice of practice setting

- Rising percentage of women in medicine\(^1\)
  - 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\(^2\)
- 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\(^3\)

**SOURCES**

Life after medical school and residency

• What is the default selection for practice setting for graduates? Employee of a health system
  o Most post-graduate training is completed in employed setting
  o 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 practice¹

• “Most millennial physicians are paying more importance to work-life balance after seeing the firsthand effect of burnout in their colleagues.”²

Why medical students may avoid solo or partnership practices:

- 41% dissatisfied with training in billing and coding
- 37% dissatisfied with training in practice management
- 51% are concerned with balancing work and a personal life

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
Acquisitions, consolidation and a pandemic

• Insurance industry purchase of physician practices
  o UnitedHealth Group and Optum: >45,000 owned/affiliated physicians, 16M patients\(^2\)

• Private equity investment in independent practices
  • 2013-2016: Private equity firms acquired 355 physician practices\(^1\)
    o 2018: 788 deals representing more than $100 B in total value\(^2\)

• Hospital acquisition of independent physician practices
  o 2012: 35,700 practices
  o 2018: 80,000 practices\(^3\)

• External practice management services
  o Provide infrastructure and capital

• Uncertain practice sustainability due to the COVID-19 pandemic

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

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 ≥ 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

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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
  o Many of the challenges reflect deep, long-standing system issues
• Private practice physicians want help with:
  o Recruiting (visibility): Young physicians cannot choose what they do not see
  o Educating students, residents, young physicians (business acumen; clinical)
  o Negotiating contracts and securing fair payment
  o Optimizing and fully leveraging technology
• What we’ve learned from them can help AMA help them and others
  o 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