

Physician Alignment and Partnership Opportunities

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Start with Why?

Physician alignment and partnership is critical to not just healthcare delivery and sustainability but also to achieving growth, increasing patient access, and ensuring high quality. Physician partnership models including joint-ventures and co-management also can unlock improved provider engagement which also can lead to higher overall team engagement. Attendees in this session will:

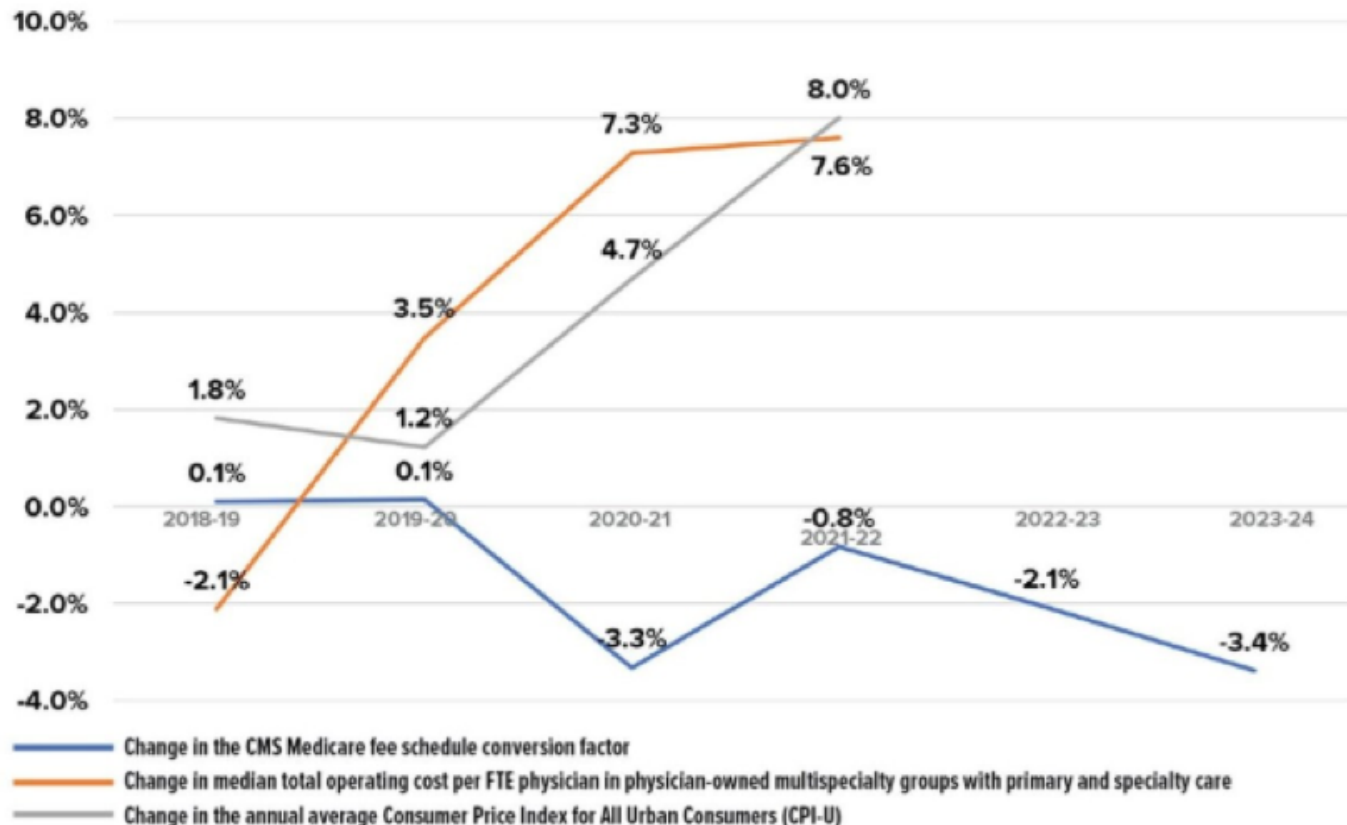
- Explore options for physician partnership including joint-ventures and co-management.
- Understand the benefits of physician partnership including greater alignment.
- Discuss examples of physician partnerships and the outcomes realized from these examples.



Medical Practices

- Inflation rising
- Cost of care increasing
- Reimbursement decreasing

FIGURE 1. PERCENT CHANGE IN THE CMS PHYSICIAN FEE SCHEDULE CONVERSION FACTOR, MEDIAN TOTAL OPERATING COST PER FTE PHYSICIAN, AND THE ANNUAL AVERAGE CPI-U



Sources: AMA, "History of Medicare Conversion Factors," 2023 MGMA DataDive Cost and Revenue, and U.S. Bureau of Labor Statistics

Source: <https://www.mgma.com/articles/data-mine-running-on-empty-the-crisis-of-having-to-do-more-with-less>



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By the Numbers

74% Share of physicians employed by hospitals, health systems or corporate entities as of January 2022, per a Physicians Advocacy Institute study¹

\$144,000 How much more Medicare physician reimbursement is when integrated with a hospital system versus an independent group²

\$205,037 Mean student loan debt for doctors and other medical school graduates³

Source: Harrop, C. (2023). "Carving out space between employed and independent: Professional service agreements in today's physician market" <https://www.mgma.com/articles/carving-out-space-between-employed-and-independent-professional-service-agreements-in-today-s-physician-market>



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PSA Models

Traditional PSA	<ul style="list-style-type: none">• Hospital contracts with physicians for professional services• PSA fee covers compensation, benefits and malpractice (replaces provider costs)• Hospital employs staff and “owns” administrative structure
Global PSA	<ul style="list-style-type: none">• Hospital contracts with practice for global payment• PSA fee covers compensation, benefits and malpractice plus overhead (replaces collections)• Practice retains all management responsibilities
Carve-out PSA	<ul style="list-style-type: none">• Hospital contracts for a portion of practice (by location, specialty, etc.)• May take the form of traditional PSA or global PSA
Practice management arrangement	<ul style="list-style-type: none">• Practice entity retained and contracts with hospital• Administrative management and staff not employed by hospital, but physicians are employed
Hybrid model	<ul style="list-style-type: none">• Hospital employs/contracts with physicians• Practice entity spun off into a jointly owned MSO/ISO

Source: Harrop, C. (2023). “Carving out space between employed and independent: Professional service agreements in today’s physician market” <https://www.mgma.com/articles/carving-out-space-between-employed-and-independent-professional-service-agreements-in-today-s-physician-market>



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Discussion



Examples of co-management or joint ventures



Considerations (e.g. culture, appetite for organizational risk, legal/compliance considerations federal and state level)



Stakeholders



Navigation (e.g. who was on the negotiation/implementation team, what was the meeting cadence, how long did it take, how is it governed/managed now, what will be the process to revisit the arrangement)



What went well



What could have gone better

Discussion



ADVICE FOR OTHER
ORGANIZATIONS



OPEN FOR Q&A

THANK YOU!

