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To maintain independent practice, rethink structure, build partnerships

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Sustaining an independent practice in today's medical landscape isn't easy, but it's possible with the right care model, strong partnerships, and solid negotiation power.

There is no one-size-fits-all approach to maintaining independence, said David W. Hilgers, an Austin, Tex., health law attorney who specializes in advising independent practices and integrating systems.



David W. Hilgers

“It depends on the market you're in and the specialty you're in,” Mr. Hilgers said in an interview. “It all comes down to how much leverage you can have, if you're willing to consolidate to get that leverage, and if you're willing to spend the money to have the technology that you need.”

It's no secret that more physicians are becoming hospital and health system employees, in large part to escape a growing burden of government regulations and reimbursement woes. A 2015 physician [survey](#) by national staffing company Jackson Healthcare found the top reasons that doctors leave private practice include the high cost of maintaining a medical practice, reimbursement cuts, and a desire to focus on practicing medicine and patient care – rather than administrative hassles. Another study, released July 8 by the American Medical Association, found the share of physicians who worked directly for a hospital, or in practices that had at least some hospital ownership, increased from 29% in 2012 to 33% percent in 2014. The number of doctors who owned a practice fell from 53% to 51% during the same time period.

However, the AMA data show the majority of physicians (61%) were still in small practices of 10 or fewer physicians, and that practice size hardly changed between 2012 and 2014. Experts say the findings point to a strong desire by doctors to remain autonomous.

“There are benefits to being employed by a hospital or health care system as far as a steady income, but there's also something very satisfying to physicians about controlling their own destiny,” said [Heather F. Delgado](#), a Chicago health law attorney, who specializes in compliance and regulatory matters. Ms. Delgado and Mr. Hilgers recently spoke at an American Bar Association (ABA) conference about how physicians can sustain an independent practice.

To retain autonomy, physicians in smaller practices may want to consider changing their care delivery model to a less traditional structure, such as the concierge model, Mr. Hilgers advised. Primary care physicians may be more suited to this model than other specialties, he noted.

“For a very small practice, if you want to stay in practice, you need to look at concierge care and see if you can make that work,” Mr. Hilgers said in an interview. “If you're in a larger town, you're going to have a very difficult time remaining independent. If you're in a small town, you may be able to continue because the insurance companies need you, but your income is going to be limited.”

Starting or joining an accountable care organization (ACO) is a good option for mid- to large-sized practices, Mr. Hilgers said. Doctors will want to analyze the type of technology they need to efficiently operate an ACO, he noted. Successful ACOs [must possess](#) an information technology infrastructure with specific competencies to support governance, operational, and clinical goals objectives. It also helps to have a stable patient base to bring to the ACO.

“If you're in a larger practice, you need to expand your reach so that they can't do without you,” Mr. Hilgers said in an interview. “The insurance plans have to have you. You need to perhaps [participate in] your own Medicare Advantage plan so that you are generating revenue from the federal government and insurers directly. You need to start looking at being more than just a medical group, but taking advantage of these alternative types of insurance plans.”



Albert D. Hutzler

Consolidating with other physicians can also help secure a more stable place in the market, added attorney [Albert D. Hutzler](#), a financial analyst at a health care valuation consulting firm in Delray, Fla. Adding more doctors can give a practice more leverage with insurance companies and better negotiating power to set rates. But once a practice grows, it's vital to pay attention to ongoing recruitment, said Mr. Hutzler, who also spoke during the recent ABA meeting.

“A stable physician base is very important,” he said in an interview. “You need the ability to recruit others. That way if things don't work out with somebody, you've got to have others in the pipeline.”

Physician-hospital partnerships – rather than employment relationships – also can provide strategies to stay independent, said Ms. Delgado. For example, doctors could opt for a clinically integrated system in which they maintain their office practice but become a preferred provider of a hospital. Other options include entering into a medical directorship or management services deal with a hospital or agreeing to staff a hospital clinic several days a week, she said.

“Maybe you enter into an agreement with a hospital that wouldn't mean you are employed, but gives you a relationship with them so that you can work with them,” Ms. Delgado said in an interview. “That way, you are able to remain independent, but [are] able to get some benefits from the hospital.”



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Doctors determined to retain their private practice must also be mindful of their collections efforts, Mr. Hutzler said. Most practices are going to have some debt on their books, he noted, but it should not grow out of control, nor should physicians constantly be borrowing against the practice. Additionally, practices should ensure their contracts with insurers are firm and that they are receiving payment as outlined in their agreements.

“You don’t want lose out in private practice just because you do an ineffective job collecting from payers,” Mr. Hutzler said in an interview. “You need a solid business office to make sure you’re getting everything you can out of your payer contracts.”

Whether it’s worth it to remain independent depends on the physician and his or her goals, Mr. Hutzler said.

“They both have their pros and cons,” he said. “You have to decide which set of risks that you want” to take on.

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