

The Future Face of Healthcare

Q&A with Deborah Walker Keegan, PhD, FACMPE

How will healthcare reform influence private physician practices?

Healthcare reform has already had a significant influence on the fiscal health of private practices. Many practices have made important decisions regarding the purchase of electronic health records, adoption of e-prescribing tools, and whether or not to participate in the Physician Quality Reporting System (PQRS). Each of these initiatives provides financial incentives or penalties, depending upon a practice's decision to participate and the success of that participation. Beyond government payer strategies, private payers have developed an expanded array of "managed care" requirements and increasingly, are developing ACO shared savings contracts and tying reimbursement to specific targets. This is already impacting the financial health of today's private practices.

Driven by payment reform, structural reform is taking place at unprecedented levels. The new structural models have already changed many markets, with the healthcare landscape fashioned by accountable care and collaborative care networks, thereby effectively integrating the financing and delivery of healthcare. These new structures cannot be easily unraveled, regardless of politics, and they are expected to move us in the direction of regional systems of care.

There are also exciting changes in the delivery system itself! Virtual medicine, involving secure, email messaging with the care team, virtual consult capability between primary and specialty care providers, medical home models of care, shared decision-making with patients, improved care coordination across the continuum of care, and 24/7 access to care are dramatic changes for most private practices as they take part in this pivotal time in the healthcare industry.

What is the biggest change private practices will likely encounter?

Likely the biggest change will be working in a value-based reimbursement environment. Today the U.S. is in the midst of a massive experiment as it tests out a multitude of reimbursement methods, including per member per month payments, pay-for-performance, shared savings, bundled payments, care warranties and others. Private practices need to be able to effectively position themselves to manage with variable revenue streams, some of which have competing requirements related to clinical practice. For example, traditional fee-for-service reimbursement supports high patient face-to-face visit volumes, while per member per month reimbursement supports nontraditional patient access, such as virtual visits or telehealth. Living in a transition state involving multi-channel reimbursement models is not an easy task. Transitioning from traditional fee-for-service reimbursement methods to value-based reimbursement focused on quality and cost outcomes is a landmark change for private practices.

What steps should practices be taking now to ensure future success?

To position itself for the future, a medical practice needs to effectively demonstrate and promote its value to potential community and regional partners, as well as payers. To accomplish this, medical practices need to develop the infrastructure and data analytics to effectively analyze their costs and outcomes of care. Armed with this data, a medical practice can demonstrate its value – defined as high quality and low cost – from a position of strength.

Each medical practice should have an understanding of its costs to include not only cost per visit, but also cost per diagnosis and per episode of care. Equally important, it to understand quality and care outcomes. Practices can start small and grow this competence over time. For example, if a practice is not yet participating in PQRS to measure targeted care interventions, start now. Medical practices that have developed these internal capabilities are in a better position to take on financial risk and are able to agree to meet an ever-expanding list of performance measures. If a practice has not had experience in changing internal processes, documenting performance, and ensuring targeted goals are met, it will be met with a steep learning curve.

What advice would you give a small to mid-sized physician practice that wants to remain independent?

With the changes in today's healthcare environment involving care delivery and reimbursement, it will be difficult to remain a small, independent practice without developing a well-defined, intentional strategy to remain independent. Begin to identify alignment strategies to better position your practice for the changes still to come. This can take the form of closer alignment with other medical practices, participation in clinically integrated networks, hospital professional service agreements, preferred payer arrangements, and other options that retain practice autonomy. Note that these strategies are well short of direct employment arrangements with systems, hospitals or payers, which are also viable options for a small, independent practice. By starting now to identify valued partners in providing accountable care, a small independent practice can position itself to remain independent or transition to another structural model for long-term advantage.