

Retaining independence while embracing accountability: care coordination and integration strategies for small physician practices (Part 3)

Physicians throughout the country are trying to figure out how to best achieve their professional goals in the changing healthcare delivery environment. Physician payments are increasingly being structured in a way that incentivizes quality and cost effectiveness over volume, and many place physicians at financial risk. In addition, public reporting of physicians' performance will now be the norm, rather than the exception, with Medicare's expansion of its Physician Compare website in 2013. Will physicians need to be employed by a hospital or a large medical group or health system in order to provide the quality and manage the costs that these payment and reporting systems require and take advantage of the emerging opportunities resulting from health system reform?

Not necessarily. While some physicians may ultimately decide that formal alignment with a large medical group or hospital system is their best option, others are actively working to integrate new care coordination and accountability capabilities into their smaller practices. Indeed, there are a number of avenues that physicians in smaller practices can take that will allow them to retain their independence while also achieving the new capabilities they will need to succeed in this new environment.

Funding transformation

AMA has published a new resource to assist physicians in small and solo practices in taking advantage of the opportunities presented by the changing health care delivery environment, entitled "*Retaining independence while embracing accountability: care coordination and integration strategies for small physician practices,*" available at www.ama-assn.org/go/ACO. This article will summarize the final section of that resource, which focuses on options to obtain financing for practice enhancement.

Capitalization

For any change to be successful, there must be adequate funding.

First, you need to determine how much money you will need. An attorney and/or an experienced practice consultant will be needed to help you estimate what it will cost to implement the care coordination infrastructure you will need for your practice or to develop and operate your new organization. These individuals also often have good relationships with lenders that can be a fertile source of funding.

Second, you have to find the funding you need. Fortunately, many of the services physicians need to start integrating and acquire capabilities required for coordination (such as information systems, scheduling and billing and collections) can be arranged through a contract for a percentage of collections, and therefore do not need an initial source of capital for funding purposes. There are a variety of additional sources for funding that physicians may wish to consider, including commercial lenders, physician participants (upfront cash contribution, loans, salary withholds, and/or their accounts

receivables), hospitals, vendors (e.g. electronic health care equipment vendors will often arrange financing of the acquisition of computer systems), payers including Medicare and private health insurers, and grant-making foundations.

Conclusion

The fundamental goal of a more coordinated and integrated health care delivery system is being driven on multiple fronts and will continue in the future. Many options are available for physicians in small and solo practices to survive, and indeed, thrive in the future. Physicians must decide individually which option is best for them and whether they will be able to implement those changes needed to succeed with that option in the future. While the level of change in the current environment may seem daunting, there are many resources available to assist physicians attempting to navigate in the evolving marketplace.