

Complex and rapidly changing payment models challenge physician practices, study finds

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Physician payment models are becoming more complex and the pace of change is increasing, creating challenges for physician practices that might hamper their ability to improve the quality and efficiency of care despite their willingness to change, according to a new joint study by the RAND Corporation and the American Medical Association.

"The complexity and pace of change in how physicians are paid for their services has required practices to spend substantial resources just to keep up with program details," said Dr. Mark W. Friedberg, the study's lead author and a senior [physician](#) policy researcher at RAND, a nonprofit research organization. "While the practices in our sample generally voiced support for the goals of alternative [payment](#) models, these implementation challenges could make it difficult to achieve them."

The study is a follow-up to a similar one conducted in 2014 to assess how physician practices were responding to alternative payment models. These models are changing how physicians are compensated for the care of their patients to create stronger incentives for efficient, high-quality medicine. They often involve either bonuses for meeting quality goals or penalties for falling short.

Researchers from RAND examined 31 physician practices in six geographic markets to describe the effects of alternative health care payment models on physician practices. Whenever possible, researchers

re-interviewed the same physicians and [practice](#) leaders that participated in the previous study.

The findings are intended to help guide system-wide efforts by the AMA, which sponsored and co-authored the study, and other health care stakeholders to improve alternative payment models and help physician practices successfully adapt to the changes.

"Physicians tell us that it's more difficult than ever to understand the growing complexity of payment models and they are straining against a conflicting muddle of public and private value-based policies and rules that are continually in flux," said AMA President Dr. Barbara L. McAneny. "The resulting administrative burdens take physicians away from [patient care](#). Today's report is a call to action to align multiple payers and payment models with consistent measures aimed at improving patient care. It is clear the long-term sustainability of payment reform hinges on value-based payment models that must be operationally and financially sound, sustainable over time, aligned across payers, and must work for physician practices and patients. The AMA is committed to spearheading and engaging these efforts."

Across the markets studied, leaders perceived an acceleration in the pace of change in alternative [payment models](#) from both private insurers and government programs since 2014, at least partially driven by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) Quality Payment Program.

As in 2014, many physician practices—especially those that are small and independent—reported that they lacked the skills and experience with data management and analysis that are needed to perform well in alternative payment methods, according to the report. Building in methods to help these practices master the use of health data would improve the potential success of many alternative payment methods.

The study found that medical practices increasingly were averse to the financial risks posed by alternative payment methods that include penalties for cost of care overruns. In some cases, practices renegotiated contracts with payers to reduce their downside risk or transfer some of that risk to partners such as hospitals or device manufacturers.

In addition to finding ways to reduce the complexity of alternative payment methods, study findings suggest that a slower and more-predictable pace of change might benefit medical practices, payers and other stakeholders.

As in their previous study, researchers found that physicians were broadly supportive of alternative payment methods that enabled their practices to make noticeable improvements in patient care. They voiced satisfaction with clinical improvements, even when they did not result in financial bonuses.

However, when the alternative payment methods created new reporting and documentation burdens or when they created no perceptible improvements in patient care, physicians reported disengagement and skepticism.

Allowing practicing physicians and other practice leaders to help design alternative payment methods might help improve physician engagement and improve the likelihood that such strategies will produce improvements in patient [care](#), according to the report.

The project conducted interviews between January and June 2018, speaking with 84 people from 31 [physician practices](#) in six markets throughout the country: Little Rock, Arkansas; Orange County, California; Miami, Florida; Boston, Massachusetts; Lansing, Michigan; and Greenville, South Carolina. Researchers also spoke to leaders of eight health plans, 10 hospitals or hospital systems, 10 state and local

medical societies, and four Medical Group Management Association chapters.

More information: The report, "Effects of Health Care Payment Models on Physician Practice in the United States: Follow-Up Study," is available at www.rand.org

Provided by RAND Corporation

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