MGMA: Physician practices must evaluate risk before moving to value-based care

Smaller physician practices are particularly vulnerable to risk, and there are upfront costs to consider, too.

Jeff Lagasse, Associate Editor

Value-based care models are here to stay. But how aggressively a physician practice should pursue these arrangements depends on how much risk the practice wants to assume, according to Michael Cuffe, MD, president and chief executive officer, physician services at HCA Physician Services Group in Brentwood, Tennessee.

Speaking Monday at the Medical Group Management Association's annual conference in Anaheim, California, Cuffe said it makes sense to pursue risk if you're a clinician looking for ways to provide better comprehensive care -- and the fee-for-service framework hasn't created that ability.
"Fee-for-service does not reward the professional goal of improving health," he said. "Fee for service creates subtle conflict. There's an incentive for providers to increase volume."

Not everyone is positioned for success, though. Smaller physician practices are particularly vulnerable to risk, and there are upfront costs to consider: electronic health records support, codified documentation and ideally asynchronous care tools. Practices will likely add costs, said Cuffe, including care coordinators.

"To move toward value-based care is not inappropriate," said Cuffe. "I wish there were better ways to do it. You as operators own the product you're delivering. Practice managers, you are not just in charge of staffing and advertising and opening and closing at night. You're responsible for the medicine you're turning out, the clinical care decisions, the tools that are unleashed where we can see the variability in best practices. It's turning all of our practices into a more reproducible model that is scalable."

While the fee-for-service system creates the potential for conflict -- such as pursuing surgeries when they may not be strictly appropriate -- the world of value-based care can create some subtle conflicts of its own, said Cuffe. In an accountable care organization scenario, for instance, the focus is on patient utilization, which may create conflict for some physicians. ACOs are one of the means by which practices can begin a shift toward value-based care.

There are other challenges in the ACO framework, said Cuffe, including significant embedded care management costs. It's also difficult to manage in some specialties, and adequate scale is critical. If a small company has a bad year, it spells failure.

Ultimately macro-economic forces are pushing physicians and systems closer together, said Cuffe. Since the highest cost platform is the hospital, specifically the emergency room, Cuffe advised practices to choose their health systems carefully.

And remember, he said: Taking on any risk requires an investment in systems in and beyond the practice, and they're tools that many physicians lack. Risk, said Cuffe, requires a new approach. Be informed.