IPAs: Joining forces to retain independence

Independent physician associations can help doctors meet the business challenges of independent practice, but do your homework before joining

April 01, 2015
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The steady drumbeat of reports about health systems, hospitals, insurance payers and other corporate entities buying up independent practices may give you pause. A growing number of physicians are responding to the changing reimbursement and regulatory landscape by opting for alternatives to traditional independent practice arrangements; indeed, the “2014 Survey of America’s Physicians” by the Physicians Foundation, an advocacy group, found that 53% of physicians were hospital or medical group employees compared with 44% in 2012 and 38% in 2008.

Between the challenges of keeping up with government incentive programs, payers’ threats to eject you from their networks, and declining reimbursement, is it even possible to operate independently any longer?

If you’re an independent physician, employment may appear to be the only sensible route out of this turbulence. If employment is right for you, then by all means, explore it. However, if you want to retain your independence but also be sheltered from the storm, joining an independent physician association (IPA) may be your best option.

IPA benefits

An IPA is an association of independent physicians. It offers members a way to improve cooperation with insurance companies and reduce the administrative burdens of negotiating payer contracts, while continuing to maintain independent practices, and, importantly, make their own decisions about reimbursement.

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“Another major benefit from being a part of an IPA is that it can assist in keeping physicians and offices from being isolated because a good IPA can also provide access to networking, resources, education and training that would otherwise be difficult to obtain,” says Ann Bellah, MBA, executive director of Pueblo Health Care, an IPA with 265 physicians in southern Colorado.

An IPA may be an association, but there is nothing casual about its structure as a legal entity. An IPA may be structured as a nonprofit entity, a limited liability company, a corporation or other type of shareholder-owned entity. The structure of most IPAs also allows participating members to continue caring for patients outside of the contracts the IPA maintains with payers.

An August 2013 study published in Health Affairs reveals that 24% of small-to-medium-sized practices participate in an IPA or a physician hospital organization (PHO), a similar model that includes a hospital. Typically tied to a specific geographic location, an IPA enables independent
physicians to exert greater influence over contract terms in a marketplace typically dominated by a handful of payers, but not infrequently by just one payer.

NEXT: IPA benefits, continued

While IPAs come in all shapes and sizes, they nearly always bring an important value proposition to their members: negotiating power for contracting. Particularly in the western United States, IPAs negotiate risk-bearing, capitated medical services agreements on behalf of their members, working as an entity somewhat akin to a health maintenance organization. Many IPAs, especially those that are clinically integrated, have already converted to an accountable care organization (ACO)—or provide the infrastructure for their members to organize as one.

Because many of these organizations have already operated as risk-bearing provider networks, IPAs are well positioned to take leading roles in developing ACOs or acting as sustaining member organizations. Even if the physician organization has operated in a fee-for-service environment, an IPA can bring expertise regarding contracting, analytics and management.

In addition to payer relations, an IPA may offer management services organization (MSO) amenities such as payroll, bookkeeping, benefits management, group purchasing, and compliance. The IPA can serve as the information technology platform for all automation, often offering the capability of connecting disparate EHR technology, or perhaps just linking practices with a data warehouse. These administrative services can be shared across the IPA membership, thereby reducing costs for individual members.

For those who think employment or affiliation with a hospital or health system requires surrendering too much control, an IPA may offer a viable alternative. An IPA structured as a risk-bearing entity can be especially useful to physicians who may want to participate in risk contracts but don’t have the time or administrative support to hammer out the many details required for such arrangements.

Using an IPA, physicians can work directly with payers on reimbursement issues pertinent to their practices—even opt out of a risk contract arrangement—while maintaining access to the IPAs menu of other administrative services.

While IPAs may bring substantial advantages from a contracting and administrative perspective, the most powerful opportunity may be their unique position in the changing healthcare landscape. The director of care coordination for the Connecticut State Medical Society-IPA, Inc., a statewide IPA with 7,000 physician members, Kelly Ann Pappa, RN, agrees.

“No truer an expression than ‘there is strength in numbers,’” Pappa says. “IPA members expect to provide a high level of service on behalf of their patients; however, many providers feel overwhelmed by the myriad of administrative regulations and reporting criteria that they must meet in order to receive just compensation for the quality of care that they deliver.” IPAs may offer the opportunity to participate in quality programs that reward improved outcomes that are often not otherwise available to the independent or solo practitioner.

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Critical to the achievement of success in these programs and practice transformation is the improved communication, coordination and resource sharing brought by the IPA.” With an engaged
membership, an IPA can serve as the platform for independent practices to participate in coordinated care. An IPA can provide the infrastructure for physicians in small-to-medium-size practices to make unified efforts to coordinate care by gathering, analyzing and reporting quality data across the continuum of patients’ care; and effectively deploying population health management strategies.

In supporting initiatives to coordinate care, IPAs can also:

- develop protocols for point-of-care clinical decision support;
- send reminders to patients for recommended preventive or follow-up care;
- use registries to monitor patients with chronic illnesses; and
- employ or contract with nurses to serve as patient care managers.

Connecticut State Medical Society (CSMS)-IPA, Inc., for example, provides opportunities for its member physicians to use value-added services that improve the quality and cost-effectiveness of their care and receive additional compensation from payers for their efforts.

Recent relationships established with commercial payers bring CSMS-IPA, Inc. members additional compensation for attesting to pre-determined metrics.

Regardless of the specific services an IPA provides, its presence enables independent physicians to leverage their data to build business intelligence about their patients’ care. The *Health Affairs* study offers quantifiable proof of this value: physicians participating in IPAs or PHOs provided approximately three times as many care management processes for their patients with chronic conditions as did nonparticipating practices: 10.45% compared with 3.85%, according to the survey of 1,164 practices with 20 or fewer physicians.

**NEXT: Drawbacks of joining IPAs**

Drawbacks

That said, IPAs are not for everyone. Not all IPAs are created equal; some may have grown too quickly and do not have a sufficiently experienced management team in place. The number of processes and tasks tied in with information technology—not to mention the swift pace of change in the field—means that the technology solutions an IPA offers may outpace, or lag behind, its members’ needs, or willingness to pay. Some physicians may feel out of step with their IPA’s approach to customer service quality, marketing or internal communications.

In addition, an IPA does not free its physician members from all of the time commitments and responsibilities of maintaining the business of a medical practice.

Not all markets have IPAs, and the ones that do vary in scope and services. If there is an IPA in your market, evaluate the benefits of joining. (See Figure 1 for questions to ask during your decision-making process.)

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Contact colleagues who have joined the IPA, probing them for both the qualitative and quantitative benefits they receive. Recognize the contracting opportunities, but compare them to what you already receive.
In other words, do your homework before proceeding with an IPA affiliation. Get the IPA agreement for membership in writing. Before you join, consult a healthcare attorney to review the contract and all relevant documents.

The IPA model is gaining new attention as more physicians look for ways to stay in independent private practice yet not feel forced to sail today’s blustery seas completely alone. An IPA may just be your perfect shelter from the storm.

**Anti-trust considerations**

Many IPAs can face antitrust issues because they include competing healthcare providers, says Peter Pavarini, JD, partner at Squire Patton Boggs LLP in Columbus, Ohio. “There are no fixed limits on IPA size; however, Federal Trade Commission and Department of Justice guidelines and policy statements define safety zones in terms of percentages of competing physicians [by specialty] who are included in an IPA, ACO (accountable care organization), or other kind of provider network. Non-exclusive networks can generally be larger than exclusive networks,” Pavarini says.

**ACO conversion**

A growing number of IPAs are converting to ACOs, a structure requiring more formal legal, management, and leadership structure, along with shared savings arrangements between providers and payers. Find out if the IPA you are considering is making this change before joining.

**Do your homework**

Check with legal counsel before signing on to an IPA to make sure it abides by antitrust and price fixing laws, and also to ensure its management fees are reasonable, says Alan S. Gassman, JD, of Gassman Law Associates P.A. in Clearwater, Florida.

Questions to ask before joining an IPA

Physicians should consider many factors before joining an IPA. They include: how long the association has existed, its track record, member benefits, resources, and even less-quantifiable factors such as the opportunities IPA membership may offer for networking with other physicians.

“The reputation, competence and trustworthiness of the IPA staff are important, of course, but is that staff accessible to the members—available for questions and assistance, and responsive to requests?” says Ann Bellah, the executive director of Pueblo Health Care in Colorado.

- What is the legal structure of the IPA? If for-profit, how are shares distributed?
- How is the IPA’s Board of Governance structured? How many board members and of what specialties? What is the makeup of the executive leadership?
- What are the dues and obligations to join the IPA? Are there different membership levels or classifications?
- Does the IPA require a complete integration of the medical practices or participants? If so, how does the IPA define “integration”? What other contractual obligations are there?
Does the IPA negotiate payer contracts on behalf of its members? If so, how is negotiation for reimbursement handled between the member, the payer, and the IPA?

Is the IPA considered an “exclusive” or “non-exclusive” organization? Do the members have the opportunity to participate in all, some or none of the payer contracts? Are members able to affiliate with other networks as well?

What are the services offered by the IPA? Are these services included with membership or do they require additional fees?