

ProHealth Physicians

Over the past 10 years, single specialty physician groups have grown rapidly in many metropolitan areas. By consolidating small practices into one organization specialists have been able to implement electronic medical records more widely and to measure and improve quality of care. In addition, by dominating the market (for example, an orthopedic group might include 70% of the orthopedists in the area, meaning that insurers will have no choice but to include them in their networks) single specialty groups can negotiate for higher fees.

The question immediately presents itself: Why don't primary care physicians form primary care groups that bring together small practices in order to improve quality, improve the physicians' worklife, and obtain higher fees from the insurers in the area? ProHealth Physicians in central Connecticut has done just that. 12 years ago, 120 physicians transferred the ownership of their private practices to ProHealth Physicians in return for shares of ProHealth Physicians stock. ProHealth Physicians now has 170 physicians plus 70 nurse practitioners and physician assistants caring for 350,000 patients at 74 sites. It serves 10% of Connecticut's population with a 17% primary care market share in its main service area and larger market shares in some Connecticut towns.

How did ProHealth Physicians persuade so many doctors to join a larger organization, and what has been the result?

In the early 1990s, 3 primary care physicians saw capitation as the future in Connecticut and felt that small practices needed to consolidate in order to take advantage of this new payment system. While capitation never took hold in Connecticut, these 3 physicians – while still practicing medicine full time -- dedicated years of early morning and late night meetings in order to bring their colleagues together. They initially recruited 8-10 physicians to their cause, talked to more physicians, and finally put together a 60-physician group. They had a day and a half retreat to learn about each other and build trust. Finally, in 1997, 120 physicians agreed to take a huge step -- transferring the ownership of their practices to ProHealth Physicians.

The first years were rocky. ProHealth Physicians now handled the billing for all the practices and ProHealth Physicians had to pay its doctors and their staffs. If it paid them less than they were making before, the doctors might leave. For a

while there was an income dip and a few doctors left. Some said, "This is the worst thing I ever did." But hiring a highly competent executive, and working tirelessly to persuade the doctors that things would get better, paid off. ProHealth Physicians learned how to negotiate for higher fees from insurers, in part because it could hand the insurers a network of physicians, obviating the need for insurers to contract with physicians one by one. ProHealth Physicians mastered fee-for-service billing, receiving more revenue for each dollar billed than individual practices could achieve. Physician incomes began to increase.

One issue that comes up when private practices aggregate – whether in an integrated primary care group like ProHealth Physicians, an integrated multispecialty group, or an Independent Practice Association – is how much of the income goes back to the practices vs. how much stays with the larger organization to use for organizational and practice improvements. Some doctors want the money now; other accept the need for the larger organization to have retained earnings. It took considerable education of the physicians for ProHealth Physicians to convince its members that ProHealth Physicians needed to retain some of the earnings. With those earnings, for example, the organization could create its own clinical laboratory and imaging center, which improved the continuity of information for clinical care and brought in additional income, part of which could go back to the practices. The retained earnings allowed the organization to implement an electronic medical record and chronic illness registry. The registry allowed ProHealth Physicians to improve chronic and preventive care and thereby to capture millions of dollars a year in pay-for-performance bonuses.

ProHealth has been successful in increasing incomes for its primary care physicians well above the national median income for family physicians and general internists. This success is due to multiple factors: negotiating clout with insurers, the focus on quality leading to ever-growing pay-for-performance dollars, the ancillary services, and centralized billing which is effective in capturing revenue. In addition, physicians work hard to increase their productivity and thereby their fee volume.

What is ProHealth Physicians doing to improve the physician practices? Currently the organization is rolling out an electronic health record for all its practices, providing intensive education and technical assistance to achieve this major change. Four practices at a time receive 6 weeks of training and preparation;

then these practices go-live with the EMR, receiving assistance and mentoring for 2 weeks. By the end of 2010, the entire organization will be electronic. Registries and panel management allow outreach to patients to get their preventive health services and chronic care tasks accomplished. Clinical practice guidelines are discussed in the organization and implemented in the practices. A web portal has been developed for e-mail interaction with patients. The physicians have received training on malpractice avoidance and malpractice suits have declined dramatically. HEDIS quality indicators are high in ProHealth Physicians practices.

ProHealth Physicians understands that it is only beginning to transform its practices. Physicians provide brief visits and panel sizes are large – about 2000 adults per FTE physician. A number of practices have had to close to new patients because ProHealth Physician practices are so popular. Either more clinicians are needed and/or other team members need to take on more functions to free up physicians from routine work that does not require physician-level expertise. Some practices can see many of their patients the day that the patients call, but others are unable to provide same-day scheduling due to a demand-capacity mismatch.

ProHealth Physicians has also used its organizational capacity to organize for better primary care in Connecticut, sponsoring the Connecticut Center for Primary Care which in turn has organized the Primary Care Coalition of Connecticut. The Coalition brings together all primary care stakeholders, both private practice and safety net, to advocate with the state government for policies to enhance primary care in the state.

ProHealth Physicians is a successful model for aggregating small practices together so that they can become patient-centered medical homes. The organization is succeeding in its goal to improve the lives of its patients while controlling their health care costs. Most isolated 1-2 physician primary care practices without a larger organization lack the resources to achieve this goal. Building a larger organization to integrate small practices, while the practices still feel like small friendly places to their patients, is a critical step in moving toward true patient-centered medical homes.

For more information, contact Dr. Todd Staub, Chairman of ProHealth Physicians (cstaub@ProHealthMD.com)