



Business of Medicine
Support for a Healthy Practice

Payment Models & Practice Types for Physicians

March 27, 2013

Payment Models

- **Payment Models**
 - Fee For Service (FFS)
 - Alternate Payment Plans (APP)
 - Academic Funding Plans (AFP)
 - Overview of Master Agreement
 - Negotiating

Payment Models

- **Fee for Service (FFS)**
 - Remunerated for clinical services through the FFS system.
 - Doctors Nova Scotia negotiates insured service fees with Department of Health and Wellness (DHW)
 - Each insured procedure/service has a billing code and value (MSU)
 - The preamble and fees are contained in the MSI Physician Manual and billing guidelines are contained in the MSI Billing Instructions Manual

Payment Models

FEE FOR SERVICE MODEL

Advantages

- Freedom to work whenever you want
- The more patients you see and services provided, the more billings (revenue) you receive
- There is no bad debt for insured services

Disadvantages

- Billing manual is complex and can be hard to understand
- Amount of time spent with the patient can be less
- Can be difficult to incorporate collaborative models with Nurse Practitioners or Family Practice Nurses

Payment Models

- **Alternative Payment Plans (APP)**

- Fixed pay contracts with set deliverables
- Individual or group funding agreements for non-academic physicians primarily for the provision of clinical services.
- Usually for physicians that work in areas with low populations or within collaborative practices
- All APPs must be agreed to and signed by the individual physician or physician group, the district health authority, DHW and DNS

Work is currently in progress to:

- revise existing APP contract templates;
- develop standardized APP guidelines and processes; and,
- introduce enhanced accountability and reporting requirements for all APPs.

Payment Models

APP MODEL

Advantages

- Consistent funding month to month
- Better suited to work in a collaborative model
- Have the ability to spend more time with patients

Disadvantages

- Still have to shadow bill - bill for services performed
- Have deliverables set by DHW and District that must be met
- Have to work a set amount of time per week - 37.5 hours

Payment Models

- **Academic Funding Plans (AFPs)**
 - AFPs fund a group of academic physicians for clinical services, teaching, research, leadership and administrative activities.
 - The AFP funding is negotiated by DHW, Doctors NS, CDHA/IWK, Dal FoM and the AFP department.
 - AFP's are operated via "Practice Plan". Each practice plan has deliverables and principles but payments arrangements differ by plan.
 - Physicians negotiate individual contracts with the AFP.

A new AFP model for governance, funding and accountability is underway

Payment Models

AFP MODEL

Advantages

- Working with "like-minded" colleagues
- Supports teaching and research
- Tend to have less overhead costs than FFS
- Potential for greater focus on Innovation and Quality

Disadvantages

- Deliverables are negotiated between parties
- Have to negotiate salary, teaching and research allocation
- Complex to understand funding sources

Overview of Master Agreement

- **Master Agreement** is the formal contract between Doctors Nova Scotia and the Department of Health and Wellness with respect to the majority of physician funding
- This contract focused primarily on new approaches to rewarding physicians to:
 - provide patient care; and
 - continue to support previously funded physician services (MSU increase)

Overview of Master Agreement

- Some examples of **Master Agreement** incentives are:

Master Agreement Incentives

Electronic Medical Records	Funding for purchasing and utilizing the EMR efficiently
Chronic Disease Management Incentive Program	Managing patients with diabetes and heart disease for the year
Complex Care Visit	Visit fee for patients that have at least 3 chronic diseases
Comprehensive Care Incentive Program	Rewarding physicians for increasing the breadth of services they provide - nursing home, inpatient, home visits, etc.

Negotiating Tips

- It's important for a physician to know what they want during negotiations. They could include:
 - **Income and remuneration** (especially for AFPs)
 - Understand what the market rate is
 - **Service Obligations**
 - What are your responsibilities?
 - What is your workload?
 - What is your on-call Schedule
 - For AFPs, what are your clinical, teaching and researching splits?

Negotiating Steps

1. Preparation (most important)

- Do your homework
- Set your boundaries
- Have a Plan B (just in case)

2. Bargaining

- Build rapport – diplomatic and professional
- Fairness and trust – listening/understanding is important
- Control your emotions and reactions
- Know your anchors

Negotiating Steps

3. Settlement

- Once an agreement is established – has to be formally written up and understood by all parties
- Minor adjustments may be made if necessary
- Have a lawyer review and approve the contract
- All applicable parties sign the agreement

Practice Types

- Practice Types
 - Solo
 - Group
 - Collaborative

Practice Types

- A solo practice is where medical services are performed by one physician only. They are responsible for all medical, financial and operational matters of the practice.

Advantages	Disadvantages
<ul style="list-style-type: none">- The physician has final say in all decisions within the practice- More freedom i.e., hours worked, vacation, etc.- Less likely to have workplace conflict- Continuity of care - patient always sees the same physician	<ul style="list-style-type: none">- Unable to learn from others/no diverse perspectives- All of the costs are directly attributable to you- Staff leaving can cause issues - shortages- Lack of coverage for emergencies and illnesses

Practice Types

- A group practice is where 2 or more physicians work together and share the facilities and costs. A **practice agreement** is highly recommended to determine roles, responsibilities, policies and how to split costs.

Advantages	Disadvantages
<ul style="list-style-type: none">- Shared responsibilities of duties- Learn from others/shared decision making- Sharing of office overhead- On call can be shared	<ul style="list-style-type: none">- Others have a say in how the practice is run- More potential for conflict/issues- Could take longer time to make decisions

Practice Types

- A collaborative practice is where 2 or more physicians work together with other health care professionals and share the facilities.

Advantages	Disadvantages
<ul style="list-style-type: none">- Patient receives care by the appropriate health care provider- Can offer a larger breadth of health care services - nursing, physiotherapy, etc.- Strong teambuilding environment	<ul style="list-style-type: none">- Physicians supervise other health care providers, taking time away from clinical time- Deliverables are negotiated with DHAs and DHW- Lack of knowledge of model/financial impact by a majority of physicians.

Payment Models and Practice Types for Physicians

