

# THE RELEVANCE OF PRIVATE PRACTICE IN 2022 AND A FORMULA FOR SUCCESS



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# AGENDA

- 1.WHY PRIVATE PRACTICE
- 2.CURRENT TRENDS IN PRACTICE
- 3.FORMULA FOR SUCCESS
- 4.PITFALS AND DRAWBACKS

# Introduction

## WHY PRIVATE PRACTICE ?

1. ATTRACTIVE OPTION FOR INDEPENDENCE.
2. PERSONALIZED MEDICAL CARE.
3. UNLIMITED CAPABILITY FOR GROWTH.
4. OWNERSHIP, FINANCIAL GAIN, LEGACY
5. A REFLECTION OF THE PRACTITIONER





# PRESENT LANDSCAPE IN MEDICAL PRACTICE

2020 DATA :AMA NATIONAL BENCHMARK SURVEY

49.1 % PHYSICIANS IN PRIVATE PRACTICE AND OWNERSHIP

50.2 % PHYSICIANS IN EMPLOYMENT

5 % PHYSICIANS AS INDEPENDENT CONTRACTORS

## PHYSICIAN PRIVATE PRACTICE OWNERSHIP BY SPECIALTY .

A. WIDE RANGE OF SPECIALTIES ( TABLE 1 )

B. GENDER : DIFFERENCES WOMEN 56.5% EMPLOYED compared to 46.7% of MEN.

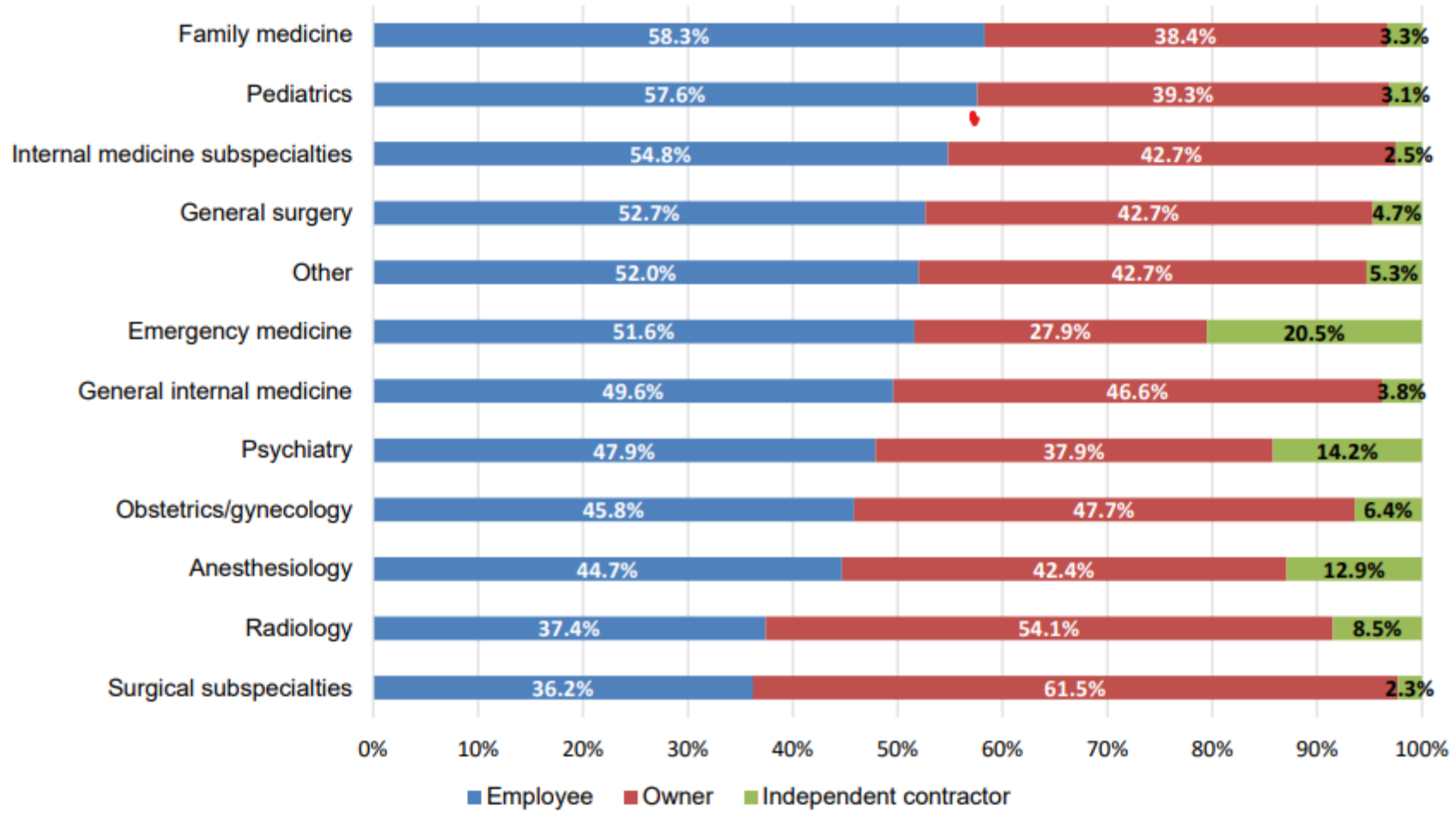
C. AGE FACTORS: PHYSICIANS >55yo 42% EMPLOYED; 40-54yo 51.2% EMPLOYED ; <40yo 70% EMPLOYED.

D. 42.6 % SINGLE SPECIALTY GROUPS; 26.2% MULTISPECIALTY GROUPS  
INTERNAL MEDICINE > 36% MULTISPECIALTY

E. 14% PHYSICIANS IN SOLO PRACTICE IN 2020, PSYCHIATRY HIGHEST 25.6% GENERAL  
INTERNAL MEDICINE 19.9 %

F. HOSPITAL EMPLOYED PRIVATE GROUPS E.R. MED . 23.3 % ; RADIOLOGY 12.8;  
ANESTHESIA 11.8%

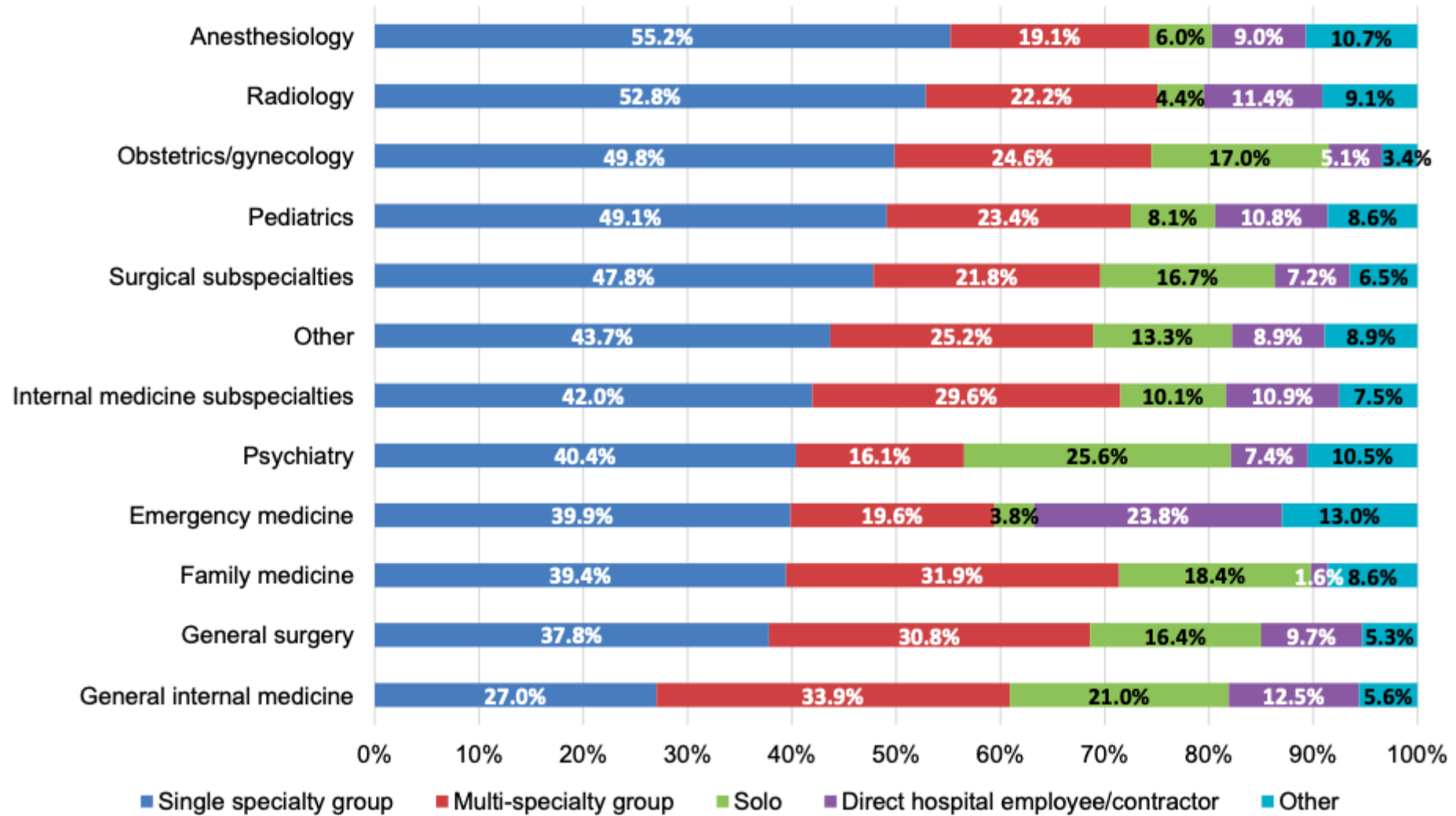
### Exhibit 3. Distribution of physicians by employment status: specialty-level estimates (2020)



# Private Ownership Practice by Specialty 2020

	<b>SURGICAL</b>	<b>OBGYN</b>	<b>MEDICINE</b>	<b>RADIOLOGY</b>
Item 1	61.5 %	47.7 %	46.6 %	54.1 %
	Click to add text			

### Exhibit 4: Distribution of physicians by practice type: specialty-level estimates (2020)



Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey



**Exhibit 5. Distribution of physicians by practice size (number of physicians in practice) <sup>1</sup>**

	<b>2012</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>
<b>Practice size</b>					
Fewer than 5 physicians	40.0%	40.9% <sup>b</sup>	37.9% <sup>c</sup>	35.7% <sup>c</sup>	33.6% <sup>a</sup>
5 to 10	21.4% <sup>c</sup>	19.8%	19.9%	20.8%	20.0%
11 to 24	13.4% <sup>c</sup>	12.1%	13.3%	12.7%	11.5% <sup>b</sup>
25 to 49	7.1%	6.3% <sup>c</sup>	7.4%	7.6%	7.8%
50+ physicians	12.2%	13.5%	13.8%	14.7% <sup>a</sup>	17.2% <sup>a</sup>
<b>Direct hospital employee/contractor <sup>2</sup></b>	5.8% <sup>a</sup>	7.4%	7.7%	8.5% <sup>c</sup>	9.7% <sup>a</sup>
	100%	100%	100%	100%	100%
<b>N</b>	3326	3388	3381	3339	3353

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: <sup>1</sup> Significance tests are for changes within practice size category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. <sup>2</sup> Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. <sup>2</sup> The percentage of physicians who are direct hospital employees/contractors is slightly larger in Exhibit 5 than in Exhibits 1 and 7 (e.g., in 2020, 9.7% compared to 9.3%). A few (less than 5 percent) physicians did not know how many physicians were in their practice and are excluded from the estimates in Exhibit 5. Because this makes the denominator in the practice size percentages smaller, it pushes the direct hospital employee/contractor percentage up compared to that in Exhibits 1 and 7.

**Exhibit 6. Age differences in practice size and practice ownership (2020)**

	<b>Under 40</b>	<b>40 to 54</b>	<b>55+</b>
<b>Practice size</b>			
10 or fewer physicians	40.9%	49.7%	61.4%
11-49 physicians	21.0%	21.1%	17.4%
50+ physicians or direct hospital employee/contractor	38.1%	29.2%	21.2%
	100%	100%	100%
<b>N</b>	589	1375	1389
<b>Practice ownership</b>			
Wholly owned by physicians (private practice)	33.8%	48.0%	55.4%
Not wholly owned by physicians	66.2%	52.0%	44.6%
	100%	100%	100%
<b>N</b>	620	1438	1442

Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

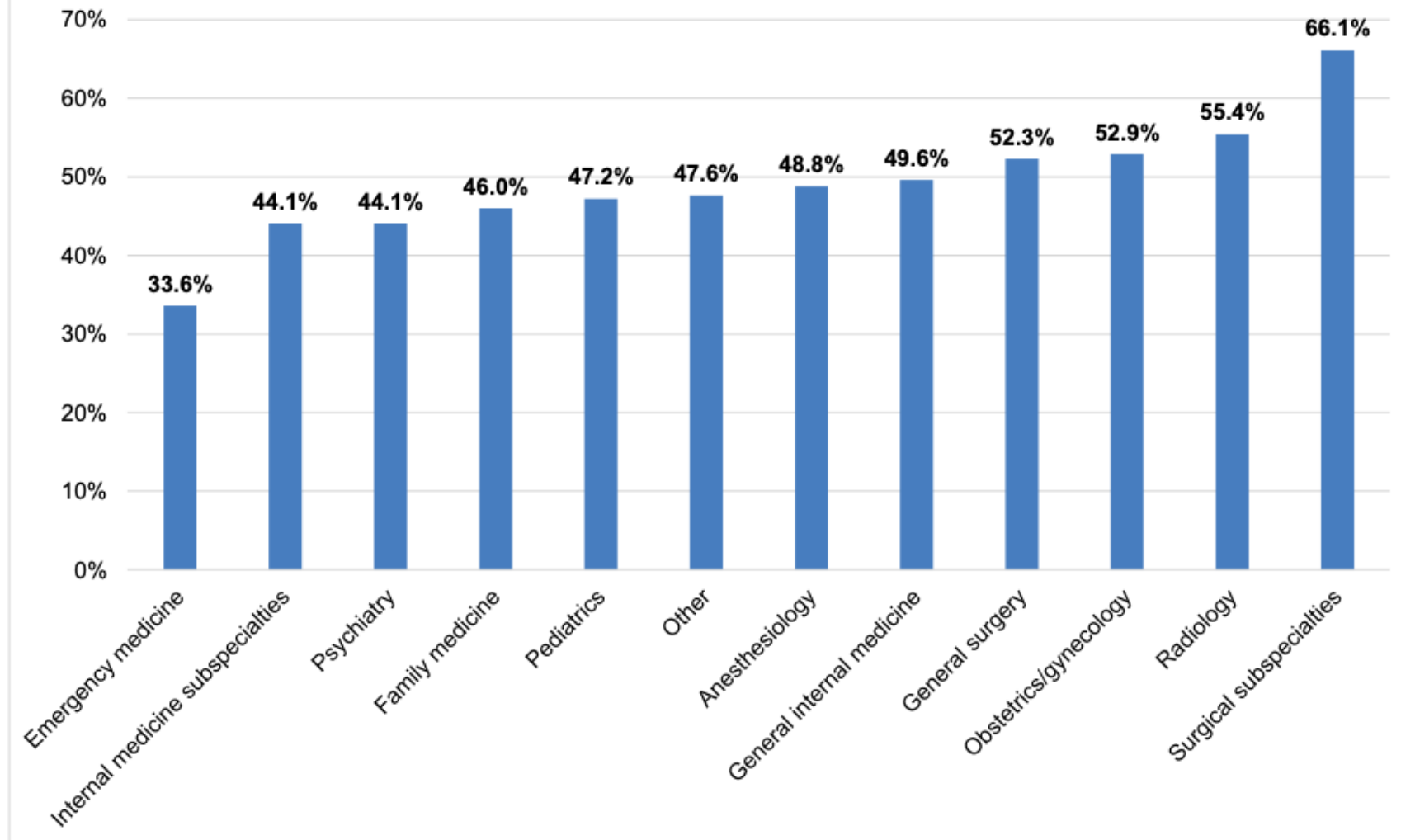
**Exhibit 7. Distribution of physicians by practice ownership structure <sup>1</sup>**

	<b>2012</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>
<b>Wholly owned by physicians (private practice)</b>	60.1% <sup>a</sup>	56.8%	55.8%	54.0% <sup>a</sup>	49.1% <sup>a</sup>
<b>At least some hospital ownership</b>	23.4% <sup>b</sup>	25.6%	25.4%	26.7% <sup>a</sup>	30.5% <sup>a</sup>
Wholly owned by hospital	14.7%	15.6%	16.1%	16.3% <sup>a</sup>	20.1% <sup>a</sup>
Jointly owned by physicians and hospital	6.0% <sup>b</sup>	7.3% <sup>c</sup>	6.2%	6.8%	6.4%
Unknown whether wholly or jointly owned	2.6%	2.7%	3.1%	3.5%	3.9% <sup>a</sup>
<b>Direct hospital employee/contractor</b>	5.6% <sup>a</sup>	7.2%	7.4%	8.0% <sup>c</sup>	9.3% <sup>a</sup>
<b>Wholly owned by not-for-profit foundation</b>	6.5%	6.4%	6.7%	6.3% <sup>a</sup>	4.7% <sup>a</sup>
<b>Private equity</b>	n/a	n/a	n/a	n/a	4.4%
<b>Other <sup>2</sup></b>	4.4%	4.0%	4.7%	4.9% <sup>a</sup>	2.0% <sup>a</sup>
	100%	100%	100%	100%	100%
<b>N</b>	3466	3500	3500	3500	3500

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: <sup>1</sup> Significance tests are for changes within ownership structure category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. <sup>2</sup> Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. <sup>2</sup> Other includes wholly owned by an HMO/MCO and fill-in responses.

### Exhibit 8. Percentage of physicians in physician-owned practices (private practice): specialty-level results (2020)



Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey



# FUNDAMENTALS OF PRIVATE PRACTICE

- 1.CREDENTIALS , CERTIFICATION, AND LICENSURE
- 2.LOCATION, LOCATION ,LOCATION ( OFFICIAL ADDRESS)
- 3.CREATION OF CORPORATE ENTITY , S.CORP, .LLC, .C.CORP
- 4.HOSPITAL ADMITTING AND OPERATIVE PRIVILEGES
- 5.MALPRACTICE INSURANCE COVERAGE
- 6.OFFICE LIABILITY INSURANCE COVERAGE
- 7.STAFFING H.R. ( PAYROLL SERVICE ADP )
- 8.EMR AND CPT CODING AND BILLING RESOURCES.

**Exhibit 9. Distribution of private practice physicians by business ownership structure (2020)**

	<b>All physicians</b>	<b>1 – 4</b>	<b>5 – 10</b>	<b>11 – 24</b>	<b>25 – 49</b>	<b>50+</b>
<b>Business ownership structure</b>						
Limited liability company	27.8%	24.1%	33.6%	35.7%	33.4%	23.0%
S corporation	24.7%	32.3%	18.5%	19.2%	12.1%	14.5%
C corporation	14.8%	11.1%	20.1%	13.6%	23.4%	16.3%
Partnership	10.6%	5.1%	14.6%	19.0%	14.3%	19.7%
Sole proprietorship	9.6%	18.7%	0%	0%	0%	0%
Other	2.4%	2.2%	2.0%	1.3%	3.6%	4.9%
Don't know	10.1%	6.6%	11.3%	11.3%	13.3%	21.5%
	100%	100%	100%	100%	100%	100%
<b>N</b>	<b>1738</b>	<b>900</b>	<b>344</b>	<b>187</b>	<b>131</b>	<b>161</b>

Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey.

Note: A few physicians did not know how many physicians were in their practice. Thus, the sum of respondents across each of the size categories is less than the total (1738).



# FINANCIAL RESOURCES



AMA. SUPPORT

- CPT. (Current Procedural Terminology ) : handbook (BIBLE)
- 1. Foundation for procedural fee reimbursement
- 2. Medicare Fee Schedule ( CMS. Fed. Standard fee. (horrible)
- ICD-10 (International Classification of Disease :
  - 1. Foundation to categorize the nature and severity of disease
  - 2. Direct and profound impact on reimbursement
- RVU : Relative Value Unit used by Medicare to standardize reimbursement
- 1. Based upon work Time, Acuity, Expertise, Malpractice , Geographic Pract. Cost. I
- $\text{PAYMENT} = (\text{workrvu} \times \text{workgpic}) + (\text{pract.exp.rvu} \times \text{pegpic}) + (\text{malpract.rvu} \times \text{malpract.gpic}) \times C$  ( MEDICARE CONVERSION FACTOR \$ 34.6062 IN 2021

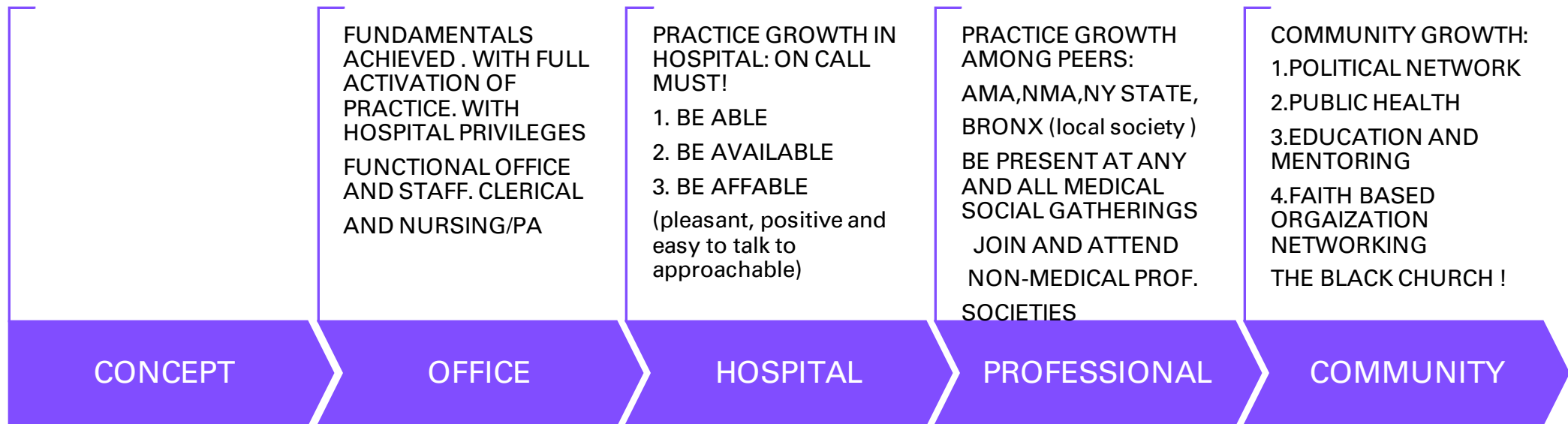


## COLLABORATIVE PHYSICIAN ARRANGEMENTS TO ENHANCE REIMBURSEMENT

- IPA- Independent Physician Association : A business entity created and owned by physicians to reduce overhead and gain leverage in contract negotiations with HMOs, Hospitals, Unions, Insurance Companies
- ACO- Accountable Care Organization : Groups of physicians, hospitals, clinics providing coordinated high – quality health care. Goal to optimize efficient care, avoid duplication of services, reduce medical error, and reduce excess cost. Medicare based savings are shared by the organization.



# Private Practice Progression



# Practice Sustainability

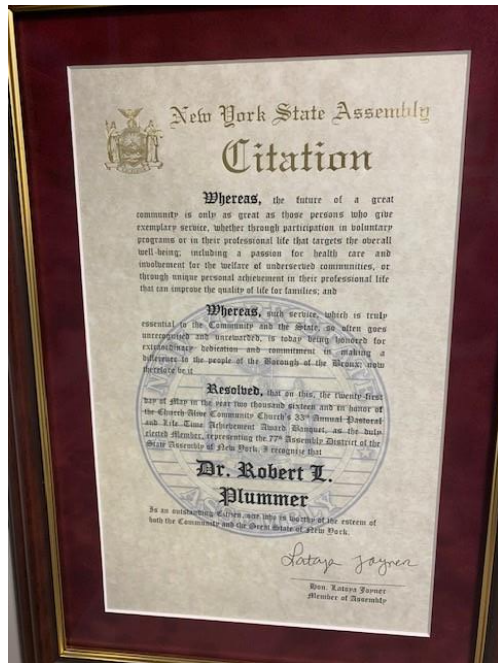
## **COMMUNITY GROWTH**

- GOAL: Household Name and Community Leader
- BEYOND MEDICINE: Giving Back to Your Community. Your TIME!
- COMMUNITY OUTREACH
  - 1. Health Fairs
  - 2. Cancer Screenings
  - 3. Hypertension Screenings
  - 4. Diabetes and Heart Disease

## **BLACK and URM PHYSICIANS**

- SUPERIOR COMMUNITY PENETRATION POTENTIAL
- Perfect Storm of Health Care Disparities (Always Present)
  - 1. Community Trust
  - 2. Black Church Alignment
  - 3. Grass Roots Organizations
  - 4. Mentorship Opportunities
  - 5. Sponsorship Opportunities

# COMMUNITY BASED AWARDS



# VOLUNTEERISM

## COMMUNITY

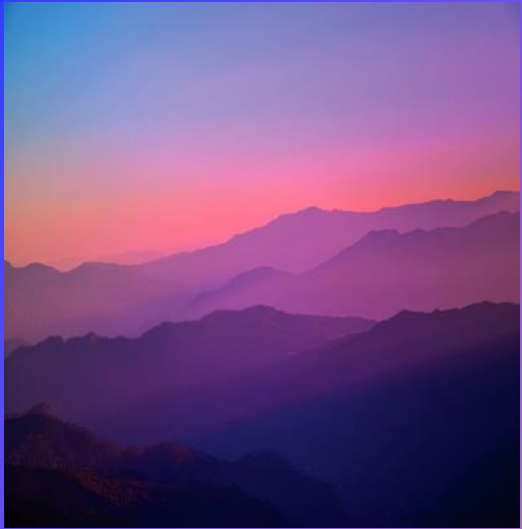
- PUBLIC HOUSING  
NYCHA  
PROGRAMS
- NONPROFIT ORGS.
- LOCAL  
MISSIONARY ORG.

## EDUCATION

- AFTER SCHOOL  
PROGRAMS M.I.M.
- ENRICHMENT  
SUMMER PROG.
- SCHOOL PTA
- INVOLVEMENT
- SCIENCE ED.

## DRAWBACKS

- TIME 24hr. In a day
- Rare financial  
immediate gain
- Tremendous sacrifice  
commitments  
& FAMILY TIME
- Personal AND Liability  
Exposure



# Summary

Take Home Message :

Private practice is Alive and well in many U.S. locations . Various practice arrangements exist; from solo to multi-physician to multi-specialty.

Resources for sustainability are available through the AMA,

**OVERWHELMING SELF- DIRECTED AND PHYSICIAN REFERRALS CAN BE ENGINEERED BY AGGRESSIVE COMMUNITY ENGAGEMENT**



PRESENTATION TITLE

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# THANK YOU

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