

Physician IPAS: Messenger Model

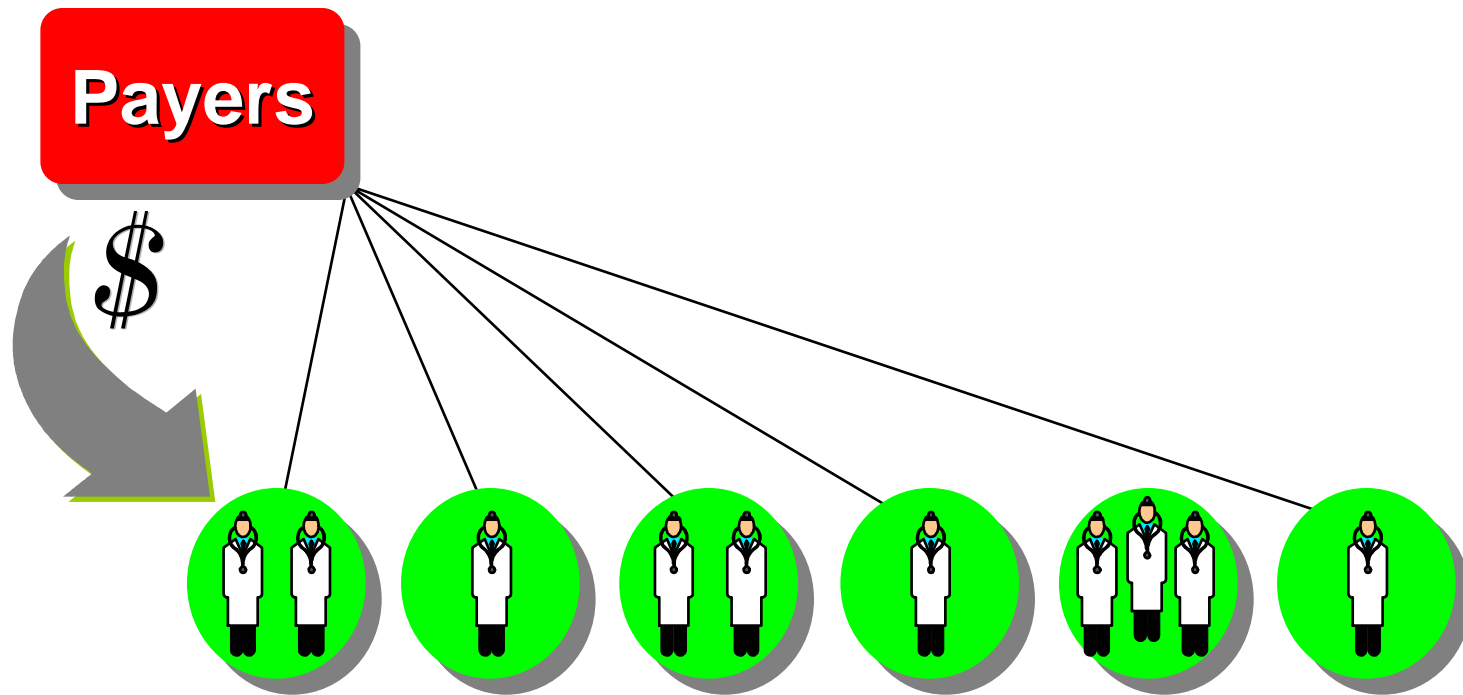
FTC/DOJ Health Care Hearings

Douglas Ross

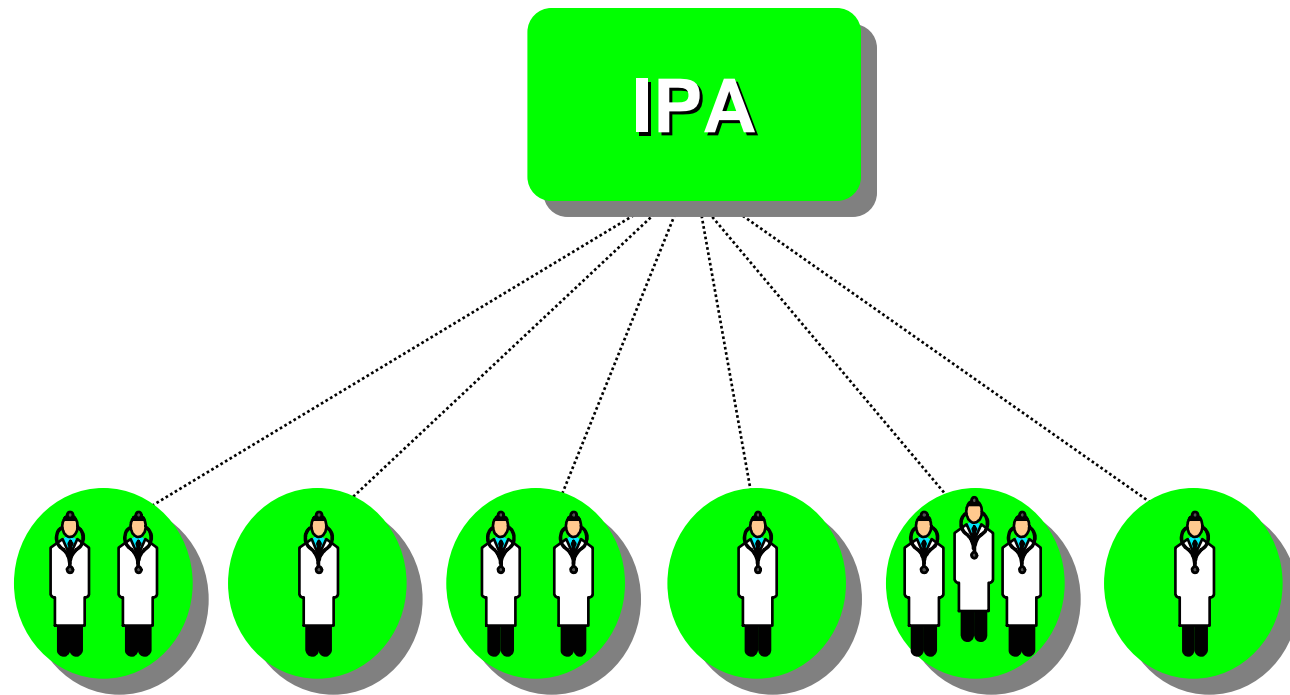
Davis Wright Tremaine

Seattle, WA

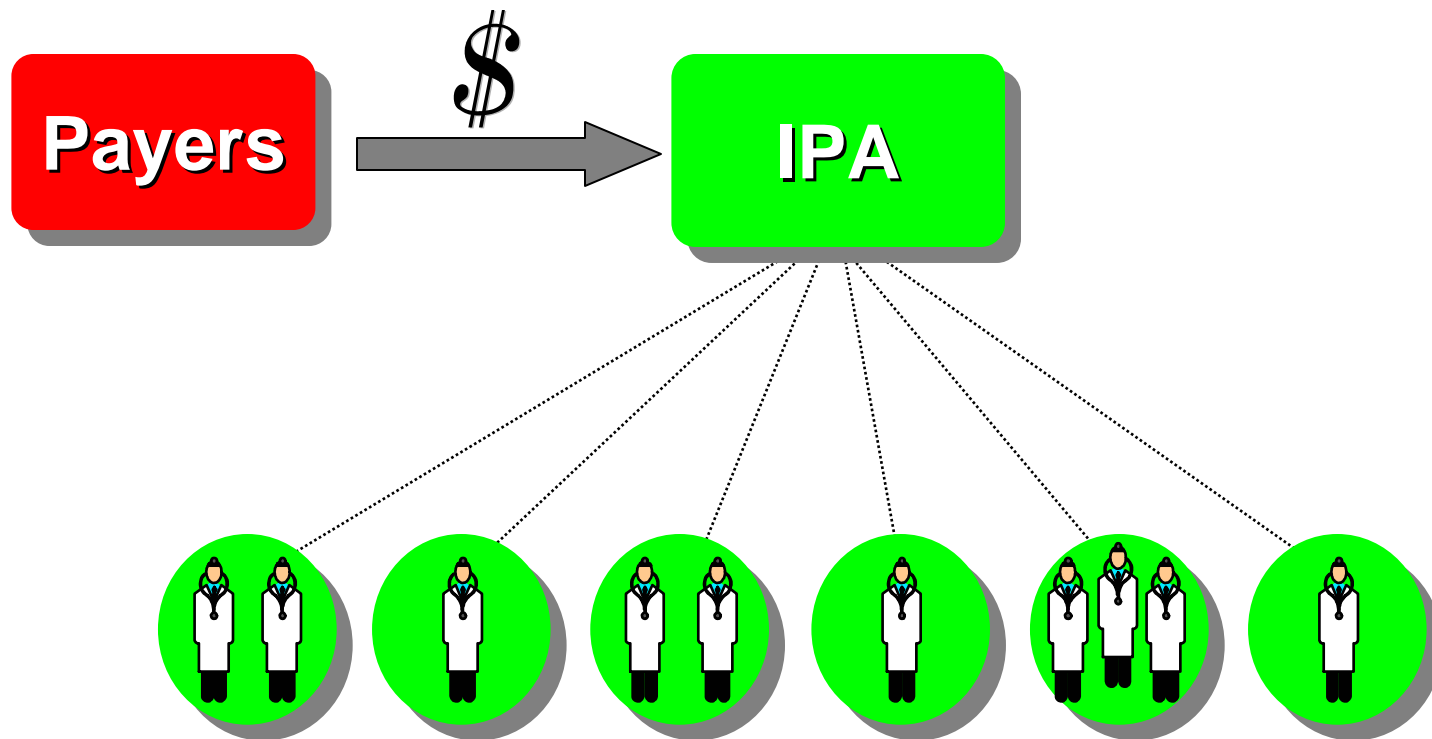
Physicians and payers



Independent Practice Association



Independent Practice Association



Messenger model – “*Classic*”

- Payer submits fee schedule to messenger
- Messenger transmits to MDs
- Each MD accepts or rejects
- Messenger goes back to payer
- Payer contracts with physicians who have accepted offer

Variations

- Each MD provides messenger advance authority to bind him at prescribed fee level
- IPA contracts on behalf of those whose fees are below payor's offer
- Messenger sends offer to rest.

... variations

- If more than 50% accept, IPA contracts on their behalf; sends contract to remainder
- If fewer than 50% accept, IPA declines to contract
- *Bay Area Physicians (Sept. 23, 2003)*
 - business reasons for rule?
 - effects of rule?

A problem

- Messenger has authority to accept all offers above a certain level set separately by each physician
- How can messenger determine whether to accept offers made with different contract terms?
- Can IPA develop standard non-price terms?

... variations

- When provider accepts a contract the fee level accepted becomes the provider's new fee level for future contracts

Unacceptable variations

- Offers transmitted only after IPA committee approves
- Offers transmitted only if meets level predetermined by IPA
- Third party sets fee schedule
 - perhaps after survey
- Providers can opt in/out of fee schedule

Range of Medical Practice Consolidation Models

***LESS
INTEGRATED***

***MORE
INTEGRATED***

**SOLO
PRACTICE**

**SHARED
LEASE /
STAFF**

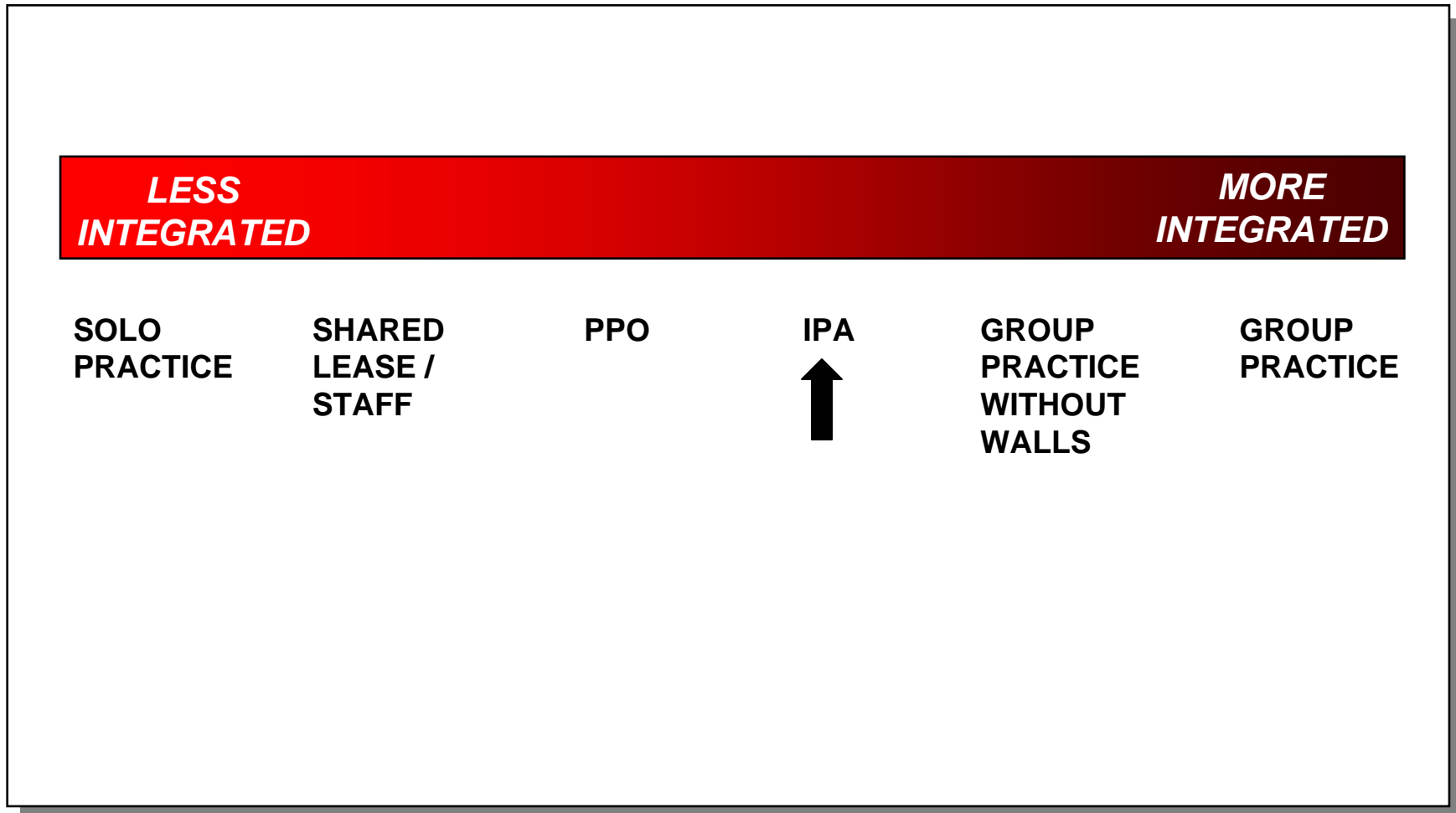
PPO

IPA

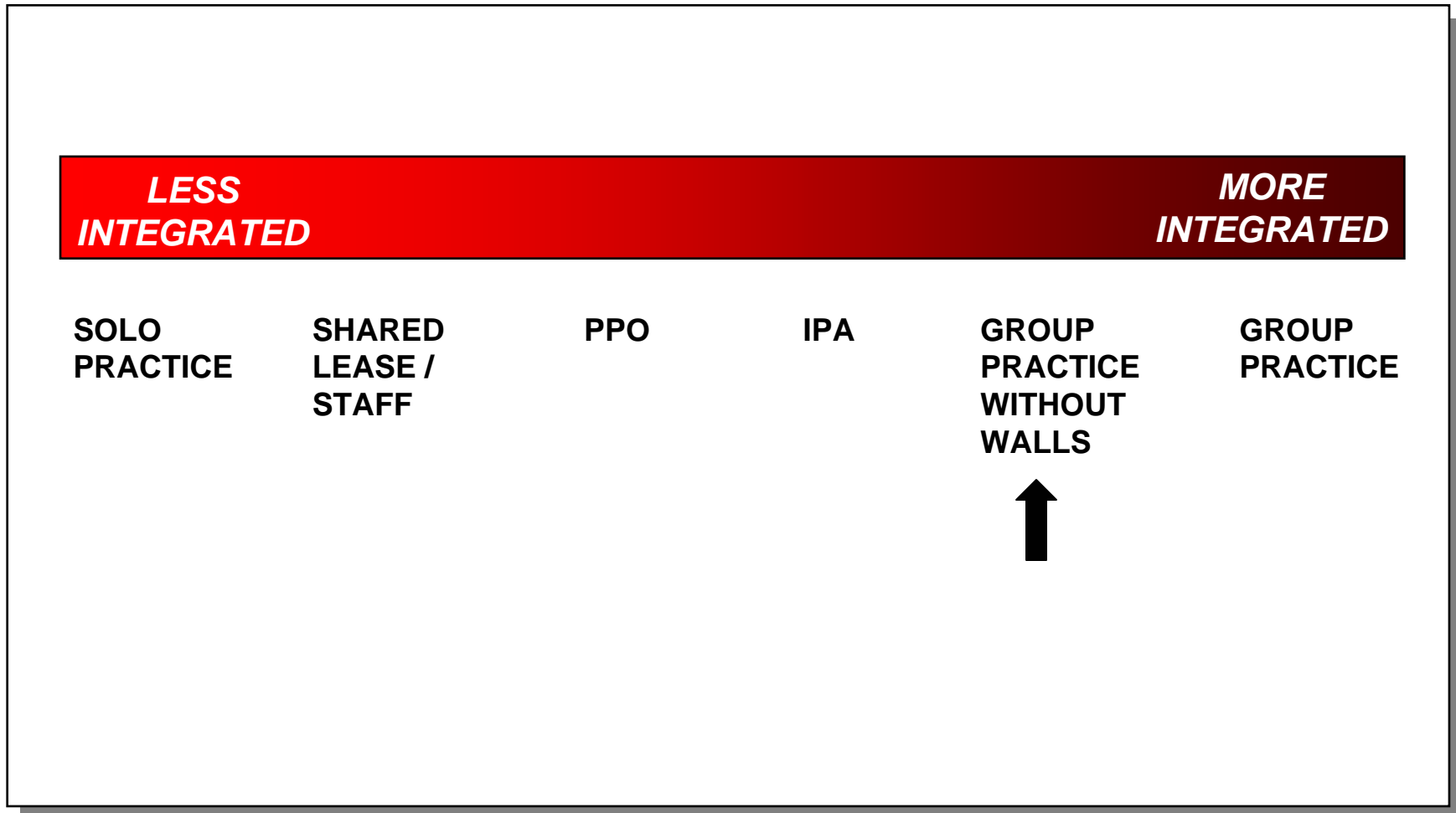
**GROUP
PRACTICE
WITHOUT
WALLS**

**GROUP
PRACTICE**

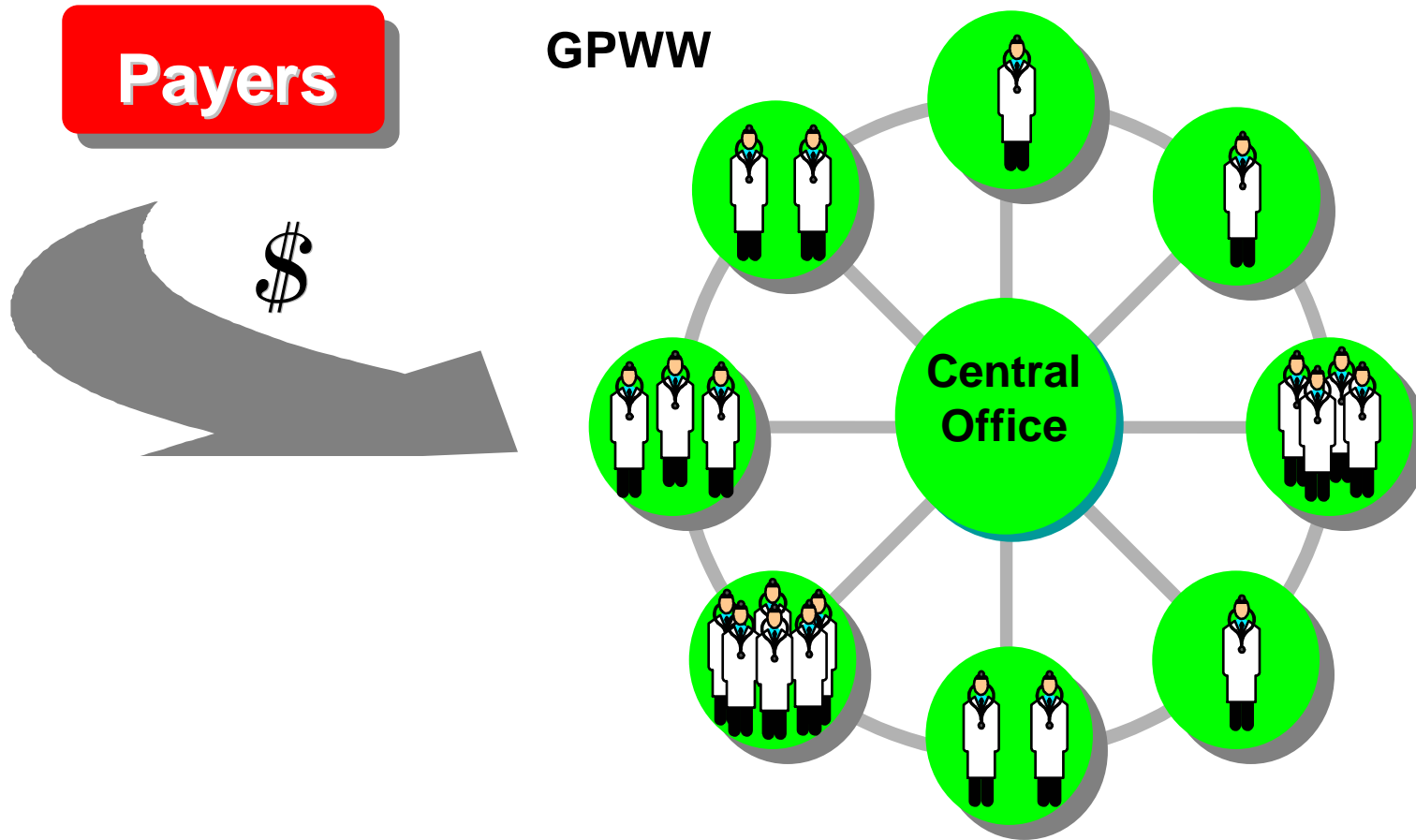
Range of Medical Practice Consolidation Models



Range of Medical Practice Consolidation Models



Group Practice Without Walls



Range of GPWW Consolidation Characteristics

GPWW Integration Phase-In Plan



**LESS
INTEGRATED**

- Multiple, Dispersed Clinic Sites
- Separate employees
- Consensus Care-Center-Based Governance
- Care Center Compensation
- Optional Use of Central Office Services
- No clinical integration
- Care Center Opt-in/Opt-out of Managed Care Contracts

**MORE
INTEGRATED**

- Fewer Clinic Sites of 5-15 Physicians
- Common employees
- Corporate Governance
- Pooled Compensation
- Mandatory Use of Central Office Services
- Clinically integrated
- Mandatory Participation in Managed Care Contracts

GPWW –

Is a Messenger Model Necessary?

- FTC has challenged some GPWWs
 - *Brown & Toland*
- Are they sufficiently integrated?

Miscellaneous Observations

- Limits on usefulness of agency advice
 - Guidelines \Rightarrow general
 - Agency advice \Rightarrow specific but conservative
 - Consent decrees \Rightarrow one-sided statement of facts; “fencing in” provisions
 - Agency advice is not the law

Conclusion