The following are brief definitions of terms related to alternative practice models as they apply to psychologists. Many of these concepts are described in greater detail in the article on page 8 titled, “Considering Options for Alternative Practice Models,” noted below as “Options” article.

**Accountable Care Organization (ACO):** A group of physicians, hospitals and other providers who come together voluntarily and share financial and clinical responsibility for providing coordinated care to patients with the goals of improving care and limiting unnecessary spending. See “Options” article.

**Acquisition:** The purchase of one company by another, which can result from one company purchasing the other’s assets or by purchasing the stock of an acquired corporation.

**Bundled Payment:** A fixed, comprehensive payment made to health care providers for all services relating to a defined episode of care – for example, an inpatient hospitalization and all post-acute care within 30 days of discharge from hospital.

**Capitated Payment:** A fixed, comprehensive payment made to health care providers for all services needed by a patient or pool of patients during a defined period of time, typically per month or per year.

**Co-Location:** Psychologists renting or using space, either part-time or full-time, in a place where other health care providers such as primary care physicians practice for the purpose of facilitating collaboration among providers. See “Options” article.

**Independent practice association (IPA):** A legal entity that allows independent psychological practices to collaborate toward common goals, such as contracting with a managed care company or health system to provide behavioral health care services. See “Options” article.

**Limited Liability Company (LLC):** A hybrid of a corporation and a partnership. Like a corporation, the LLC offers limited personal liability for members; however, an LLC is typically taxed like a partnership. See “Choosing the Best Legal Structure for Your Practice” on page 4.

**Management Services Organization (MSO):** A collaboration of independent psychological practices that is designed to contract with multiple health plans or payers. It is similar to an IPA but more complex. The MSO provides management and administrative services to the independent practices. See “Options” article.

**Merger:** Two or more corporations, partnerships or LLCs sign an agreement to become a single entity.

**Patient-Centered Medical Home (PCMH):** Defined by the Substance Abuse and Mental Health Services Administration (SAMHSA) as “an approach to providing comprehensive primary care for children, youth and adults that facilitates collaboration between different health care professionals, including primary care providers, individual patients and, when appropriate, the patient’s family” (integration.samhsa.gov/glossary#p).

**Referral System:** A system of communication between psychologists and possible referral sources such as other health care professionals, hospitals and home health agencies. A referral system can be informal and based on ongoing relationships with referral sources or can be more structured and involve contracts with referral sources. See “Options” article.