The impact of health care reform on psychologists will vary greatly depending on factors pertaining to each individual psychologist. For example, successful psychologists late in their careers may choose to maintain their current practice model. Similarly, a psychologist who has developed a thriving niche practice that does not involve third-party payers may not be significantly influenced by marketplace reforms. However, many psychologists, particularly those in the early or middle stages of their careers, should consider how the evolution of health care is likely to affect them as they plan for the future.

Psychologists who want to make changes to the way they practice can consider a range of options. Some may prefer to make only minor refinements, such as expanding their network of referral sources. Others may consider major changes, such as forming or joining an independent practice association or management services organization.

Even if you are not planning to make any changes at all, learning about the alternative models that are being developed will help you to better understand the marketplace context for today’s practitioners.

This article describes a range of options, starting with the easiest to implement and moving along a spectrum toward more complex, integrated models of care. The more complex models are often designed to meet the “triple aim” goals of improving patients’ experience of care, improving population health and reducing per capita costs. (See article on page 2.)

Building a referral system

The lowest-cost and lowest-risk practice option addressed here is the referral system. A referral system can be informal and based on ongoing relationships, or can be more structured and involve contracts with referral sources. For example, the contract might include details regarding the amount of time that the psychologist would devote to the referral source on a weekly or monthly basis, and payment for services such as consultation that are not covered by insurance.

To develop or enhance their referral systems, psychologists first need to determine the types of services they are able to provide. For example, can they provide outpatient assessments, psychotherapy, substance abuse treatment and/or behavioral health interventions for patients with physical health problems?

Psychologists then need to identify which local health care groups or organizations might be able to benefit from such services. For example, if there is a nearby hospital or health system, do they provide behavioral health services directly or do they refer patients in need of such services to local independent health care professionals? In addition...
to individual health care professionals such as primary care physicians and psychiatrists, other potential referral sources include general practice or specialty medical groups, hospitals, rehabilitation facilities, physical, occupational and/or speech therapists, schools and university counseling centers, and senior housing establishments.

Before reaching out to possible referral sources, psychologists need to be prepared to demonstrate in a concise, clear and compelling manner the services they can provide, their qualifications and how a referral arrangement could be beneficial. To help you begin the process of reaching out to primary care providers, the APA Practice Organization (APAPO) provides general information in a fact sheet titled, "Psychologists and Primary Care Providers: How We Can Work Together," available online at apapracticecentral.org/business/collaboration/primary-care.aspx. Additional general information about practicing psychologists and psychological services is found in APAPO's fact sheet, “Psychologists Promote Health and Wellbeing Throughout our Nation” (apapracticecentral.org/advocacy/state/leadership/slc-facpsychologists.aspx).

Your state psychological association may also have helpful resources. Finally, publications that demonstrate the value of integrating physical and behavioral health care are identified in the “References and Resources” list found on page 13.

Creating a robust referral system may lead to further developments in your practice. You may decide to co-locate with one or more of your referral sources or you may decide to hire or partner with additional psychologists or other mental health professionals.

**Co-location**

Co-location refers to situations where psychologists locate their practices in close proximity to referral sources, typically by renting or sharing office space (part or full time) in buildings where other health care providers are located. Co-location is a fairly low-risk and easily implemented option that offers the potential for collaborating with other health care professionals while typically allowing the psychologist to maintain a relatively high degree of autonomy.

The nature and degree of collaboration with nearby providers can vary. Often psychologists who co-locate with other health care providers have contracts that cover referral arrangements. They may also have shared medical records that facilitate referrals and coordination of care. This model can move psychologists along the spectrum toward full integration, characterized by a multidisciplinary team approach to care.
Co-location offers several advantages for patients as well as health care professionals. One is the reduced time a psychologist presumably needs to spend cultivating referrals. In addition, co-location makes it easier and more convenient for a patient to follow up on referrals. For example, when making a referral for behavioral health services, a primary care physician may be able to provide a “warm hand-off” by walking down the hall and introducing the patient to the psychologist.

Successful co-location can reduce the stigma often associated with traditional outpatient mental health. If a patient already has a comfortable and trusting relationship with the referring provider, the patient may be more positively inclined toward seeing the co-located psychologist. Taken together, these advantages make it more likely that a patient will follow through on referrals and receive more efficient and collaborative care.

Comprehensive MedPsych Systems, founded by Dr. Geoffrey Kanter in 1998, is an example of a behavioral health practice with an extensive referral system that includes co-location. It is currently the largest private behavioral health group in Florida, with more than 45 staff members (including psychologists, neuropsychologists, postdoctoral neuropsychology residents, social workers, counselors and psychiatrists) and 15 offices, several of which are co-located with other health care professionals. Dr. Kanter’s group contracts or provides services in a variety of settings in addition to its outpatient mental health offices, including memory clinics, hospital-based rehab programs, acute care hospitals, inpatient psychiatric hospital programs, sports training facilities, university-based counseling programs, primary and secondary schools, medical schools, holistic treatment centers and substance abuse programs. More than 450 referral sources send patients to Comprehensive MedPsych services each year. Additional information about Dr. Kanter and his provider group is available at www.medpsych.net.

Independent practice associations
An independent practice association (IPA) is a legal entity wherein independent psychological practices can come together to work toward common goals, such as contracting with a managed care company, accountable care organization (ACO, discussed later in this article) or health system. IPAs allow professionals to maintain a high degree of autonomy while benefiting from the greater resources and bargaining power of being part of a larger group. The IPA model is common among physicians and is an emerging practice model for psychologists.

IPAs are a relatively low-risk way to join with a larger group of psychologists and to negotiate contracts with insurers. However, in order to become part of an IPA, members must sign a “participating provider” contract. Before signing, psychologists should carefully review the terms of the agreement and consult with a knowledgeable attorney regarding potential benefits and risks, including antitrust considerations (see sidebar on p. 11).

Antitrust law is complex, but the key issue is that collaborations of independent health care professionals conducting joint fee negotiations must demonstrate sufficient financial or clinical integration to satisfy antitrust law enforcement agencies. For additional information about the implications of antitrust law for psychologists seeking to implement new practice models, please see “Avoiding Antitrust Problems” (Good Practice Spring/Summer 2014, p. 8).

Dr. Peter Oppenheimer, a founding partner of Feil & Oppenheimer Psychological Services and President of the Rhode Island Psychological Association, is working to promote integrated care in his state. Since 2010 Dr. Oppenheimer’s practice and other practices in Rhode Island have partnered with the Rhode Island Primary Care
Physicians Corporation (RIPCPC), an IPA of more than 140 primary care physicians, to create the Rhode Island Primary Care Physicians Corporation Behavioral Health Network.

The RIPCPC Behavioral Health Network promotes collaboration between primary care and behavioral health practices by facilitating referrals through a network of qualified behavioral health clinicians. The network streamlines communications between the primary care physicians and the behavioral health clinicians using a secure email service. Many of the IPA’s primary care practices are too small to have an on-site behavioral health clinician.

Behavioral health clinicians who are accepted into the network become affiliate members of the IPA. They agree to participate in the network’s referral, communications, continuing education and quality improvement procedures. IPA members have access to a secure searchable database that helps them identify appropriate referrals. Secure email now serves as the primary means of communication. In the future, the network intends for behavioral health clinicians to be able to interface directly with the physicians’ electronic medical records systems.

The initial goal of the behavioral health network is to promote collaboration and to demonstrate the function and effectiveness of the network through a quality improvement program. The behavioral health network ultimately could adapt its structure to participate directly in negotiations with payers. Information about the network is available at www.ripcpc.com.

Management services organization

Psychologists may also want to consider forming or joining a management services organization (MSO). Like the IPA model, the MSO model has typically been used by physicians but may offer a viable option for some psychologists as well. The MSO model is similar to the IPA, but is typically larger and offers a broader spectrum of management services than an IPA.

The key distinction is that MSOs are better suited than IPAs for contracting with multiple insurers, ACOs or other health care entities. Because MSOs typically market themselves to multiple health care entities, they often develop common branding for their services just as ACE hardware stores all market under the same “Ace” brand despite being independent stores.

MSOs provide management and administrative services to independent providers, such as negotiating contracts with payers for behavioral health services. The MSO does not provide behavioral health services directly.

MSOs usually involve more capital investment, as well as more legal and financial risk, than referral systems or IPAs. However, the potential benefits of an MSO are substantial. After considering the options, Dr. Keith Baird, a founding partner of a large and well-established group practice based in Hinsdale, Illinois, decided that the MSO model was a promising way to promote integrated care and to negotiate with ACOs and insurance companies. As a result, Dr. Baird is spearheading the development of a new organization, Behavioral Care Management, LLC (BCM), using the MSO model.

BCM will be a multidisciplinary consortium of providers designed to provide the highest-quality care while reducing costs. BCM’s plans include: utilizing the latest technology to facilitate communication between medical and behavioral health care professionals; lowering inpatient psychiatric admissions by providing access to urgent care appointments; offering wellness and health promotion services; co-locating with physicians and other medical professionals; and providing behavioral services for patients with chronic medical conditions.

Accountable care organizations

An accountable care organization (ACO) is a network of physicians and other health care providers (usually including hospitals) who come together voluntarily to share financial and clinical responsibility for providing coordinated care to patients with the goal of limiting unnecessary spending and improving quality of care. When an ACO succeeds in delivering quality care and reducing overall health care costs, providers in the ACO can share in the savings that are achieved.
The ACO model requires substantial capital resources, clinical and financial integration and a large number of patients. To qualify as an ACO under the Medicare Shared Savings Program, the ACO must include at least 5,000 beneficiaries. The types of organizations that can support the functions required of ACOs include: IPAs, MSOs, physician-hospital organizations and multispecialty group practices. Psychologists are allowed to participate directly in ACOs and in shared savings payment under the Medicare Shared Savings Program, but generally would not be able to develop Medicare ACOs on their own.

Psychologists can also participate in ACOs as employees of larger organizations that provide integrated care. For example, Dr. W. Thomas Thompson is a psychologist who works at Cornerstone Health Care, a group of more than 375 physicians and advanced practice providers in North Carolina (www.cornerstonehealth.com). Dr. Thompson joined Cornerstone in 2002 as its first behavioral health professional and has helped the behavioral medicine staff to grow to a group of 14 professionals, mostly psychologists. All of the behavioral medicine staff members participate in a computerized referral system, and some are embedded directly in medical clinics.

One recent trend in health services delivery is greater consolidation, particularly among hospitals and physician groups.

Cornerstone strives to provide value-driven care and is committed to the triple aim goals. In addition to Cornerstone’s participating in the Medicare Shared Savings Program as an ACO, each of Cornerstone’s primary care practices has been recognized by the National Committee for Quality Assurance as a Patient-Centered Medical Home (NCQA PCMH).

The PCMH is a model of primary care that is patient-centered, comprehensive, team-based, coordinated, accessible and focused on quality and safety. Additional information on medical homes is available from organizations such as NCQA (available at bit.ly/XECdfs), the Agency for Healthcare Research and Quality (pcmh.ahrq.gov) and the Patient-Centered Primary Care Collaborative (www.pcpcc.org).

As an employee of a larger group that is affiliated with an ACO or other integrated health system, psychologists can participate in a leading-edge venture without taking on the legal and financial burdens associated with creating their own organizational structure. For many psychologists, the benefits of being employed by a large, interdisciplinary health care group (for example, stability, security, low risk and more time devoted to clinical instead of business issues) may outweigh the disadvantages such as decreased autonomy and lack of ownership. The same types of advantages and disadvantages would apply to behavioral health practices that merge with or are acquired by a larger health care organization.

What’s next?

One recent trend in health services delivery is greater consolidation, particularly among hospitals and physician groups. The number of hospital mergers and acquisitions doubled between 2009 and 2012 (See nyti.ms/1nJFxJ2).

In addition, the percentage of physicians and other health care professionals who work as employees for hospitals and large organizations is growing. According to recent estimates, about 39 percent of physicians nationwide are in independent practice, down from 57 percent in 2000 (See nyti.ms/1qZj5kg).

This trend is affecting psychologists as well. For example, data from a 2013 APA Practice Organization member survey revealed that while 54 percent of total respondents listed their primary work setting as independent solo practice, that number is notably lower – 39 percent – among early career psychologists licensed for no more than seven years.

The Affordable Care Act (ACA) is seen widely as encouraging the creation of larger hospital and health systems. Specific factors driving hospital consolidation, along with the creation of affiliations and larger provider groups more generally, include: increasing regulatory burdens such as meeting the complex requirements for qualifying as an ACO; increasing demands for accountability; payment reform such as

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bundled or capitated payments in lieu of fee-for-service; the emergence of risk-sharing models such as ACOs; adoption of electronic health records and other information technologies; and incentives for providing more integrated care such as through PCMHs.

Although there is general agreement about the major trends in health care reform, the overall impact of consolidation and the ultimate effect of newer payment and care delivery models on quality and costs is uncertain. For example, a 2012 report by the Robert Wood Johnson Foundation (available at bit.ly/1rb3Zsn) found that a review of the research on physician-hospital consolidation did not suggest that such consolidation, absent true integration, will lead to cost reductions or clinical improvement.

The results of studies of coordinated care models are more promising. For example, there is a substantial amount of research demonstrating that the medical home model can improve quality of care, improve population health and reduce health care costs (pcpcc.org/content/results-evidence). Most important for psychologists, there is also substantial evidence that the integration of behavioral and physical health care promotes better overall health and is cost effective.

At this time, it is unclear which particular models for delivering and paying for care will ultimately prove to be most successful and become most widely adopted. In any event, given the rapid pace of change, psychologists generally need to be aware of marketplace trends and new models of care and to assess what alternative practice models may be ripe for consideration.

The APA Practice Organization will continue to support psychology’s role in innovative practice models and keep our members informed about emerging trends, challenges and opportunities.

NOTE: The information presented in this article is for informational purposes only and does not constitute legal or financial advice.