ORIGINAL ARTICLE

Best Practices and Critical Factors in a Successful Private Practice

Kamran Ali, MD[a], John Lohnes, MD[b], Andrew Moriarity, MD[c]

Abstract

Independent private practice has historically been the predominant practice model in radiology. In the last two decades, this model has faced increasing pressures on both a micro and macro level, which threatens its existence. In the current health care environment, how does a practice stay independent? The authors address some of the critical factors needed for a successful practice. These factors are derived from the collective experience of the authors who are in private practice as well as best practices described in the literature. Strengths that already exist in the practice, opportunities that can be capitalized on, and looming or existing threats to the independence of a private group are discussed. Recommendations are provided on how to optimize an individual practice and reduce the risk of alternative practice penetration.

Key Words: Alliances, burnout, corporate radiology, mission statement, value

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INTRODUCTION

The radiology services market is an $18 billion market [1]. In the United States, there are an estimated 36,000 [2] practicing radiologists, approximately half of which can be accounted for in independent private practices. Historically, private practice, as physician-owned partnerships, have been viewed as an efficient and cost-effective provider of radiology services in health care system environments. Incentives to work, with income tied to maintaining partnerships with hospitals and other health care systems, helps fuel this drive to optimize the delivery of quality health care. Private practice allows autonomy with regards to work schedule, business models, and the direction of entrepreneurship.

In the current health care milieu, logistical and financial pressures have forced many private practices to reconsider this business model. In 2016, the Committee on Economics of the Commission on General, Small, Emergency and/or Rural Practices conducted a survey of practices with 30 or fewer members and examined changing practice models for small and intermediate-sized groups. Many surveyed were considering reorganization primarily to respond to new payment models, government compliance and regulation, and increasing IT and infrastructure costs [3]. Over the last two decades, these concerns and external forces have accelerated the adoption of practice models competing with traditional private practice.

Who Is Competing for This Piece of the Pie?

Increasingly, groups have started to consolidate for many reasons, including the desire to obtain favorable payer contracts, increase access to capital, share billing or human resources, and increase the pool of available radiologists for after-hours coverage and subspecialty reads.

Because of health system alignments and local or regional competitive forces, some groups have accepted hospital employment to maintain hospital affiliation and prevent corporate or outside ownership of the local practice.

Academic institutions have also had penetrance. To increase their footprints regionally, academic institutions have ventured outside their academic environments and into suburban markets. These community radiology divisions may at times be acquired to help steer patients to the parent institution, thus shifting market share from private practice groups.

Perhaps the most aggressive players in the current market are corporate entities [4]. Private equity and publicly traded radiology groups, whether radiology specific or part of a multispecialty consortium, are aggregating the market.

[a]President, Wichita Radiological Group, Wichita, Kansas.
[b]CEO, Wichita Radiological Group, Wichita, Kansas.
[c]Michigan State University College of Human Medicine Division of Radiology and Biomedical Imaging. Grand Rapids, Michigan.
Corresponding author and reprints: Kamran Ali, MD, Wichita Radiological Group, 551 N Hillside, Ste 320, Wichita, KS 67214.

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These groups present consolidation as an attractive alternative to handle constantly changing issues by offering significant payouts to current partners, promising a better work-life balance as employees, promoting economies of scale to consolidate administrative duties, providing robust IT, and complying with government regulations.

In this era of declining reimbursements, ballooning payor reporting mandates, rapidly emerging technologies, increasing demand for expanded coverage, shorter turnaround time expectations, and increasing demand for subspecialty interpretation, how does a private practice remain successful and independent? What are the strengths private groups already possess? What opportunities can they take advantage of to thrive in this competitive environment? Of what threats should a group be cognizant as they try to remain independent? This article analyzes some of these critical factors important for a successful practice.

STRENGTHS

Regional Recognition

In small, rural, and midsized groups, practicing entirely within the confines of one's fellowship subspecialty is uncommon. Many subspecialty-trained radiologists, out of necessity, are working less than 50% of their total time within their chosen subspecialties [5]. These generalists are expected to provide high-quality, multispecialty reads at all hours and are a vital presence in communities with limited access to radiology services.

Such practices and communities are vulnerable to corporate attraction, which may offer the allure of 24-7 subspecialized interpretations and economies of scale to provide tools to improve quality and efficiency. However, an overfocus on financial performance risks losing sight of patient-centric care and individualized client service. Private practices serving these smaller communities have a unique strength in this regard—they are known commodities in their communities and serve as "boots on the ground" for hospitals and clinics. The on-site presence may be once or twice a week, but they are consistent with their presence. They are available on short notice if the need arises (eg, network collapse preventing transmission of images for a prolonged period of time). A representative may serve on the radiation committee or as director of radiology services. Participation at medical staff meetings and close interaction with administration in helping with the mission of the hospital are all benefits local private practices can afford to these remote sites.

Not every activity may result in generating relative value units (RVUs), but such efforts do not go unnoticed. Value-added activities enhance the long-term patient care in rural or underserved communities and improve the long-term health of the practice with complex procedures and imaging remaining at the local group. A practice that is supporting the hospital is a perceived partner in supporting the community. Knowing that the regional practice has the smaller, rural hospital's back can go a long way in establishing confidence and trust with generalist reads over the "threat" of commoditization to the group and the hospital system itself.

Management Team Control

Now, more than ever, radiology management professionals require skill sets that demonstrate excellent communication, knowledge of the changing billing and reimbursement models, team-building skills, negotiation expertise, the ability to set and implement vision, and marketing acumen to continuously bring innovation to a group.

One of the strengths of an independent private practice is the opportunity to build teams based on a singular group mission. Enabling this focus by team members in the same practice setting, which affords close personal interactions, can be less daunting than implementing a vision that may at times seem incongruent or disparate in a corporate or consolidated practice setting.

There are potential pitfalls in this model of which private practices should be aware and ready to intervene. Too many like minds on a management team may lead to lack of creativity and flexibility when approaching tasks. An overbearing individual may make it difficult for others to have their ideas heard. Hidden agendas and cliques are other potential barriers to success.

There are opportunities to mitigate these pitfalls. In a best-case scenario, the operations director working with the management team should ensure robust engagement and dialogue. Aims should be specific and quantifiable. Realistic timelines should be set. No idea should be rejected outright. All viewpoints should be respected and objectively discussed. Once a project is implemented, all members of the team should be invested in "selling" this idea to the different personnel and teams they lead. Constant feedback is necessary at management meetings to assess progress and pivot with change if needed.

Physician oversight is important but should not be overbearing. Allowing managers to manage will give them a sense of empowerment and the confidence that physician leadership trusts them with executing and refining the group mission.

OPPORTUNITY

Creating Awareness of Radiology Services

With radiology consolidation steadily increasing throughout the country, private practices may be facing increasing scrutiny from hospital leadership. This may become evident

when it comes time for contract negotiations. All too often, the concept of the radiologist as a commodity that only reads images is a pervasive, if unconscious, bias held by administrators. For this reason, private practices may seem easily replaceable if they are not willing to accept the terms laid out by the hospital.

The value of a radiologist extends far beyond the RVUs generated. This value, however, is not always understood by outsiders that look at radiology practices and is an important consideration to highlight by radiologists in private practice during contract negotiations.

Some examples of value-added noninterpretative activities that are not reliably captured by the work RVUs include participation in interdisciplinary conferences, radiation safety committees, tumor boards, patient consultations on imaging and biopsy results, assisting with the implementation of computerized decision support systems on appropriate imaging, serving on hospital and peer review committees, and developing structured reporting templates that standardize and improve the comprehension of radiology reports. These activities add immensely to a group's reputation and to quality patient care. Hospitals and payers are increasingly focused upon the patient experience. When there is a potential for interaction with the patient, groups must take advantage of the opportunity. With closer introspection, these activities are almost always aligned with the mission of the institution served by the practice.

Communication with administration is paramount. At scheduled meetings, mentioning progress on quality improvement projects, elaborating on activities on relationship building and patient outreach performed by the group, describing improvements in practice (eg, shift changes, providing in-house coverage, streamlined communication with the ED, or staffing a subspecialty tumor board) are all important elements to convey to leadership.

Methods to quantify these value-added tasks have also been developed. One such method employed by Patel et al at Radiology Inc has been termed the "radiology value-added matrix," which serves as a scorecard that captures quantified value-added actions performed by radiologists [6].

The goal is to demonstrate to hospitals the value of the group beyond just reading images. These value-added tasks save hospitals money and improve patient care without hospitals having to expend any of their own money. These services also align with Imaging 3.0 in Practice initiative of the ACR.

This message cannot be successfully relayed to hospital leadership until group leadership in a radiology practice establishes this culture in their own practice. The culture needs to accept and champion value-adding initiatives. The focus at shareholder meetings cannot only be on RVU productivity but should also focus on strides made in non-RVU productivity. Knowledge that some members of a group will have skill sets suited toward RVU production and others may be a better fit for adding value productivity has to be accepted by the group. Failure to advocate for such change will threaten the long-term practice stability as well as independence of the group at contract negotiations. When private practice groups are unable to adopt such a culture, investor-owned employment models are more appealing to members focused more on individual productivity.

Demonstrating Value

There must be individuals within the group that provide the overarching, longer-term functional goals for the organization. Although simplistic and (at least partially) unreasonable, the concept of being all things to all stakeholders is not a bad place to start. This forces an analysis of stakeholder needs, the opportunities for growth that may exist, and how an organization may best provide them. As an independent practice, the group must maintain and utilize its flexibility to respond to community and practice needs.

Two of the authors come from a practice that was for years characterized as "belonging" to a specific hospital, even though they had several small offices in the community. That resulted in a specific group of referring physicians serving as the primary source of work for the group. Targeting specific outpatient facilities that had referral sources separate from the main hospital sources, the group was able to double the number of physicians who were familiar with the individual radiologists of the group and the quality of service delivered. Strategic opportunities became available from that change.

As the concept of value becomes the goal, the definition changes depending upon whom you are considering. For payers, value is cost driven. Fewer studies mean fewer payments or lower payments. For referring physicians, value may be ease and timeliness of scheduling, having the radiology group do pre-authorizations, efficient report turnaround, and actionable and accurate reports. For the patient, value may be as simple as parking and wait times once in the facility or friendliness of the front office staff and technologists. Patients often rely upon their primary care physicians to determine whom they see for an imaging study. Making it as simple as possible for referring physicians and their staff is paramount.

An independent group has significant ability and motivate to optimize their expenditures—both capital and operational—to satisfy these demands. Oftentimes, a group may find itself subject to the disparate views and choices of a larger organization, such as a hospital, or perhaps a corporate partner, which diminishes the opportunities for the maximum potential for group success.

Most independent groups find themselves in the category of a midsized business as defined by the Ohio State University's National Center for the Middle Market, with annual revenues between $10 million and $1 billion. As physicians, we do not often think of ourselves in that context and can provide unexpected financial flexibility and capital opportunities that otherwise may not be suspected.

There are challenges, as well as opportunities, to come: artificial intelligence software and hardware additions, better work solutions, new equipment, and purchasing or integrating other operations or groups. A fundamental belief in the quality of one's organization and its leadership facilitates taking advantage of those opportunities and integrating them into your practice.

The mission statement should be a guiding light for practice development. One of the tougher concepts as an entrepreneurial mindset is developed is that not every opportunity is a good opportunity. In the business world there is the concept of "deworsification," a play on the word "diversification," for organizations that take on disparate operations that do not fit their expertise [7]. Any diversification efforts must have a logical reason and reasonable chance of success to be sustainable. Just as a mission statement may help focus a group internally, it must help frame external relationships and development plans.

Engaging Early Career Radiologists

To successfully recruit, a private practice must offer a compelling culture and vision that speaks to the individual seeking employment. Many groups default to compensation and vacation as the primary motivators. There are opportunities, however, to offer a clear advantage over nonphysician and corporate-owned practices. Ortiz et al found that nearly 90% of early career radiologists believed that corporatization is harming the specialty, prefer to join independent private practices, and want to be involved in practice business leadership [8]. Several respondents stated that they did not want to work in a system in which executives, nonphysician administrators, and public stockholders were reaping the financial rewards of radiologists' work output [8].

Early career radiologists consistently report that retaining decision-making powers is an important job consideration. Highlighting this advantage in a private practice model can be an effective recruiting point. Having current early career radiologists on various decision-making committees in a practice demonstrates the commitment to foster this engagement and professional development providing opportunities for greater work satisfaction.

Alignment With Other Radiology Practices

Many practices are increasingly facing acquisition from nonphysician-owned radiology groups or physician practice management companies. Small and midsized groups often cite declining reimbursement with infrastructure deficiencies as a reason for needing an infusion of capital and practice sales. Uncertainties related to future imaging volumes, such as a return to baseline from the coronavirus disease 2019 (COVID-19) pandemic declines or because of the concern about reduced imaging under various health care reform models, further increased these pressures.

Some practices see opportunities for increased quality and reliability with larger sizes and are willing to sacrifice a degree of clinical and local autonomy. Infrastructures such as PACS, electronic medical records, radiology information systems, revenue cycle management platforms, and increasing expense of human resource needs have all been cited as factors instigating outside investment.

However, private practices could effect similar results by aligning with local or regional practices with scale and increased negotiating clout. Consolidating IT infrastructure, billing and revenue stream management, and retirement plan administration are ways that local alliances could add scale while maintaining physician ownership and decision making. Consolidating human resources provides increased numbers as these alliances negotiate for favorable health insurance plans for their radiologists and employees. This model may still diminish some local control; however, the focus can be on collaboratives in line with the regional radiology environment rather than a global mandate from national headquarters.

Innovative methods of sharing subspecialists on call in smaller regions, which may not always attract a full complement of subspecialists, is one possibility. For example, providing neuro-interventionalists in two or more groups with privileges to cross-cover between different hospitals would facilitate reliable and consistent local call coverage while maintaining sufficient daytime volumes, allowing groups to remain independent and ensuring adequate hospital coverage to maintain comprehensive stroke care designation. Regional alliances that share costs in areas enhancing quality, reducing management expenses, and consolidating human resources while still allowing clinical autonomy can be a desirable alternative for practices that want to remain independent while staying relevant and progressive in the current and future health care environment.

THREATS

Internal Politics

Whether there are 2 or 200 radiologists in a group, differences in opinions are inevitable. Medicine is rife with issues that lead to differences in thought, and radiology private

practices are certainly not immune. Issues ranging from the reading room lighting, vacation amount and holiday shift scheduling, the need for incremental hires, investing in equipment and facilities, growth, to productivity expectations are pervasive in many practices. It is important to remember that large groups can have many of the same issues as small groups, in addition to the challenges that come with scale and growth.

Often issues arise when a subset feels that their voice is not being heard or they are constantly being marginalized for their beliefs, particularly if this group feels threatened or bullied when expressing their viewpoints. As a result, a sense of apathy may ensue, which affects performance in the practice. This may exacerbate the rift between the majority and the minority, further leading to a potential toxic atmosphere of gossip and unfounded accusations detrimental to the health of a group.

How Can This Be Mitigated in a Successful Private Practice?

The first step is accepting that differences exist and that multiple viewpoints are in the best long-term interests of a practice. Practice leadership must be willing to have tough, critical conversations with all members when they feel politics are affecting relationships. A group mission statement is crucial to unifying opposing viewpoints. A practice should involve all in creating shared goals and a vision for the future to establish buy-in from those on the fringes.

A faculty development activity, whether through local resources or programs such as the ACR Radiology Leadership Institute, to bring awareness to unconscious bias may help in understanding a contrarian thought. To that extent, practice committees should strive for diversity of thought in their working groups and avoid echo chambers with leadership. Lincoln famously placed his rivals in his cabinet to have diversity of opinion as well as co-opting them in support of the decision-making group. Options of expressing concerns in a nonthreatening, anonymous manner should be afforded to those who may not speak up otherwise. Anonymous voting on potentially divisive issues, such as hiring, investment opportunities, board elections, and adverse actions, eliminates pressure to side with the prevailing opinion for fear of retaliation.

Burnout

Radiology is one of the most mentally demanding specialties. Harry et al, examining mental, physical, and temporal workplace demands (physician task load), discovered radiologists reported one of the highest physician task load scores by specialty, scored highest for "mental demand," and scored in the top quartile for time demands and "effort required" to do the job [9]. These factors had a strong correlation to burnout. A majority (69%) of private practice leaders reported stress from workplace factors significantly impacted employee wellness, ranging from 57% in practices with 5 or fewer radiologists and up to 82% in practices with 21 to 50 radiologists [10]. Personal and social factors have also historically played a part, which has been further compounded with the acute stressors of the COVID-19 pandemic. Although recognized as a real issue, only 19% of practice leaders report having mechanisms to assess burnout [10].

The full gamut of addressing burnout is beyond the scope of this article. It is important to take note, however, that private practice groups addressing this critical issue will be an attractive option for prospective colleagues and ensure the long-term health of their organization.

First, engaging in critical conversations with all stakeholders about the existence of burnout and need for mitigation is essential. In an open dialogue, those that are burned out from hearing about burnout can listen to others who do not feel the same way. Those that are feeling stressed will see efforts being made to provide transparency and open communication regarding this topic. Interventions need to occur on a micro and macro level.

Practices should reach out to individuals who are struggling and ensure that resources for addressing mental health are always readily available. Redistributing roles or responsibilities to other team members can help. Creative scheduling of the work week, in which a high-volume rotation in the morning is balanced with a slower-paced rotation in the afternoon, could ease some workplace stressors. Avoiding unrealistic productivity expectations, allowing time for breaks, offering praise or recognition at the moment rather than waiting for annual reviews, and affording a hands-off, independent environment in the workplace are other examples of decreasing individual workplace stressors.

On an organizational level, designating a wellness champion from the physician, administrator, or employee level would be of benefit. These champions can help lead discussions in faculty or employee meetings, addressing not only work-related but personal contributors to stress and burnout. Utilizing resources such as the ACR Well-Being Program can offer concrete activities to help with improving resilience. Analyzing and improving the workplace with adjustable reading stations, soothing ambient lighting, and hiring assistants to triage telephone calls while allowing the radiologist to focus on interpreting examinations will demonstrate clear efforts by the practice to help with stressors. Having a parental leave policy that focuses on the bonding of parent and child will also go a long way in showing commitment to the value of emotional health in a practice.

The addition of nonphysician providers, which can improve radiologist workflow, can also be a value-added benefit with regards to professional and personal well-being. Engaging all radiologists in scheduling and supporting an infrastructure that would allow staff and radiologists to work from home [11], particularly during the COVID-19 pandemic, are other potential interventions to prevent burnout.

CONCLUSION

In conclusion, private, physician-owned groups have historically been the dominant practice model in radiology. Evolving payment models, governmental regulations, resource needs, and report turnaround time demands are some factors that can threaten the independence of a practice. Acknowledging these factors and having a game plan to mitigate threats and seize on opportunities will allow practices the option to remain independent.

Practices that establish core values of the highest commitment to patient care and physician and staff inclusivity, foster personal and professional engagement, respond to referral sources while demonstrating value, and show genuine concern for the emotional well-being of individuals in the practice will be the ones best suited to remain successful and independent.

TAKE-HOME POINTS

- Knowledge that some members of a group will have skill sets suited toward work RVU production and others may be a better fit for adding value productivity has to be accepted by practices as they seek to remain independent.
- Early career radiologists consistently report that retaining decision-making powers is an important job consideration. Highlighting this advantage in a private practice model can be an effective recruiting point.
- Consolidating IT infrastructure, billing and revenue stream management, and retirement plan administration are ways that local alliances could add scale while maintaining physician ownership and decision making.
- Committees in private practice should strive for diversity of thought in their working groups and avoid echo chambers with leadership.
- Avoiding unrealistic productivity expectations, allowing time for breaks, offering praise or recognition at the moment rather than waiting for annual reviews, and affording a hands-off, independent environment in the workplace are examples of decreasing individual workplace stressors that may contribute to burnout.

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