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By Laura Thill

Banding Together

Administrators and surgeons question whether physician-owned GPOs help drive compliance.

Improving the quality of care while driving down costs is regarded by some as the holy grail of healthcare. IDNs have implemented physician-driven evaluation teams and review committees, designed to enable doctors to play a greater role in the contracting process. In addition, administrators have toyed with the idea of gain sharing and financial incentives to more closely align physicians with supply chain management goals. And, now, physician-owned group purchasing organizations (GPOs) are starting to emerge.

Advocates of physician-owned GPOs note that they have the potential to improve the fiscal component of surgery, especially in the area of implantable devices, says John McGuire, president and CEO of Surgical Implant Services. The Jacksonville, Fla.-based GPO establishes local physician-owned companies, which work together to standardize on implant devices, reduce costs and improve patient outcomes.

Successful physician-owned GPOs must comply with federal, state and local laws and regulations, says McGuire. As with GPOs in general, these models intend to align physician incentives with those of the hospitals. And while participating doctors maintain their ability to select the best product for each patient, some degree of standardization is necessary.

"The successful physician GPO model recognizes that for most product categories and most patients, the implants from various manufacturers are essentially commodities, and that clinical outcomes will be similar regardless of which products are utilized," says McGuire.

Some physicians think of physician-owned GPOs as partnerships between doctors and hospitals. "By banding together in their respective communities, [physicians] can optimize the use of emerging technologies while saving the hospitals money [through] streamlining of product choices and standardization of practice," says Freddy A. Achecar, Jr., M.D., an orthopedic surgeon affiliated with the Wellstar Health System, a five-hospital system in the Atlanta, Ga. area.

While the concept of physician-owned GPOs is too new or too unconventional for some hospitals to consider, others are beginning to take notice. Columbus, Ohio-based OhioHealth, for one, has begun to evaluate this model and believes there is some merit to it, according to Ed Robinson, system vice president, supply chain services. "This model appears to align incentives between the hospital and key physician stakeholders in a manner that is meaningful and meets regulatory requirements," he says.

"While [it] could be used for any specialty, the most significant incentives will probably be derived from resource-intensive procedures, such as orthopedics, spinal surgery and heart services," he continues. In fact, a potential shortcoming of the program might be the inability to structure a meaningful model for other specialties.

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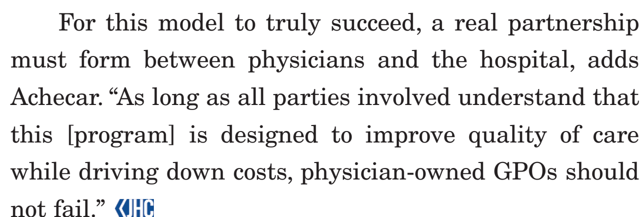
Indeed, if improperly structured, the potential gains of physician-owned GPOs can turn into problems, notes McGuire. In these cases, problems such as anti-kickback exposure, improper remuneration and investment risks may occur.



For this model to truly succeed, a real partnership must form between physicians and the hospital, adds Achecar. "As long as all parties involved understand that this [program] is designed to improve quality of care while driving down costs, physician-owned GPOs should not fail." JHC