

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 710
(A-24)

Introduced by: American College of Emergency Physicians

Subject: The Regulation of Private Equity in the Healthcare Sector

Referred to: Reference Committee G

1 Whereas, healthcare systems controlled by private equity interest failed, putting access to care
2 for patients at risk; and

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4 Whereas, these failures also put the livelihoods of healthcare workers, including physicians, at
5 risk; and

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7 Whereas, in these cases, private equity has frequently saddled healthcare systems with
8 significant debts that cannot be easily repaid; and

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10 Whereas, these healthcare systems have attempted to cut costs by laying off personnel and not
11 purchasing equipment necessary for patient care¹; and

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13 Whereas, the lack of appropriate resources to care for patients puts significant stress on
14 healthcare workers and can lead to moral injury as well; and

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16 Whereas, these practices have now caught the attention of the United States Congress, and
17 several investigations have been opened; and

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19 Whereas, the FTC has indicated that corporate consolidation of healthcare entities frequently
20 results in increased costs of healthcare without commensurate increases in quality; therefore be
21 it

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23 RESOLVED, that our American Medical Association propose appropriate guidelines for the use
24 of private equity in healthcare, ensuring that physician autonomy in clinical care is preserved
25 and protected (Directive to Take Action); and be it further

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27 RESOLVED, that our AMA modify policy H-215.981, Corporate Practice of Medicine, by
28 addition:

29 4. Our AMA will work with the federal government and other interested parties to develop and
30 advocate for regulations pertaining to the use of private equity in the healthcare sector such that
31 physician autonomy in clinical care is preserved and protected. (Modify Current HOD Policy)

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Fiscal Note: Modest - between \$1,000 - \$5,000

Received: 4/24/2024

REFERENCES

1. Bartlett J. Steward's medical devices were repossessed. Weeks later, a new mother died. - The Boston Globe. BostonGlobe.com. February 2, 2024. Accessed April 24, 2024. <https://www.bostonglobe.com/2024/01/25/business/steward-health-care-mother-death/>.

RELEVANT AMA POLICY

Medical Decision-Making Autonomy of the Attending Physician D-373.994

Our AMA will continue to strongly oppose any encroachment of administrators upon the medical decision making of attending physicians that is not in the best interest of patients. (I-23)

Physician Employment Trends and Principles H-225.947

1. Our AMA encourages physicians who seek employment as their mode of practice to strive for employment arrangements consistent with the following principles: A. Physician clinical autonomy is preserved. B. Physicians are included and actively involved in integrated leadership opportunities. C. Physicians are encouraged and guaranteed the ability to organize under a formal self-governance and management structure. D. Physicians are encouraged and expected to work with others to deliver effective, efficient and appropriate care. E. A mechanism is provided for the open and transparent sharing of clinical and business information by all parties to improve care. F. A clinical information system infrastructure exists that allows capture and reporting of key clinical quality and efficiency performance data for all participants and accountability across the system to those measures.

2. Our AMA encourages continued research on the effects of integrated health care delivery models (that employ physicians) on patients and the medical profession. (I-15, last reaff A-19)

Physician Independence and Self-Governance D-225.977

Our AMA will: (1) continue to assess the needs of employed physicians, ensuring autonomy in clinical decision-making and self-governance; and (2) promote physician collaboration, teamwork, partnership, and leadership in emerging health care organizational structures, including but not limited to hospitals, health care systems, medical groups, insurance company networks and accountable care organizations, in order to assure and be accountable for the delivery of quality health care. (last reaff A-22)

Corporate Investors H-160.891

1. Our AMA encourages physicians who are contemplating corporate investor partnerships to consider the following guidelines:

- Physicians should consider how the practice's current mission, vision, and long-term goals align with those of the corporate investor.
- Due diligence should be conducted that includes, at minimum, review of the corporate investor's business model, strategic plan, leadership and governance, and culture.
- External legal, accounting and/or business counsels should be obtained to advise during the exploration and negotiation of corporate investor transactions.
- Retaining negotiators to advocate for best interests of the practice and its employees should be considered.
- Physicians should consider whether and how corporate investor partnerships may require physicians to cede varying degrees of control over practice decision-making and day-to-day management.
- Physicians should consider the potential impact of corporate investor partnerships on physician and practice employee satisfaction and future physician recruitment.
- Physicians should have a clear understanding of compensation agreements, mechanisms for conflict resolution, processes for exiting corporate investor partnerships, and application of restrictive covenants.
- Physicians should consider corporate investor processes for medical staff representation on the board of directors and medical staff leadership selection.
- Physicians should retain responsibility for clinical governance, patient welfare and outcomes, physician clinical autonomy, and physician due process under corporate investor partnerships.
- Each individual physician should have the ultimate decision for medical judgment in patient care and medical care processes, including supervision of non-physician practitioners.
- Physicians should retain primary and final responsibility for structured medical education inclusive of undergraduate medical education including the structure of the program, program curriculum, selection of faculty and trainees, as well as education and disciplinary issues related to these programs.

2. Our AMA supports improved transparency regarding corporate investment in physician practices and subsequent changes in health care prices.
3. Our AMA encourages national medical specialty societies to research and develop tools and resources on the impact of corporate investor partnerships on patients and the physicians in practicing in that specialty.
4. Our AMA supports consideration of options for gathering information on the impact of private equity and corporate investors on the practice of medicine.

Corporate Practice of Medicine H-215.981

1. Our AMA vigorously opposes any effort to pass federal legislation preempting state laws prohibiting the corporate practice of medicine.
2. At the request of state medical associations, our AMA will provide guidance, consultation, and model legislation regarding the corporate practice of medicine, to ensure the autonomy of hospital medical staffs, employed physicians in non-hospital settings, and physicians contracting with corporately-owned management service organizations.
3. Our AMA will continue to monitor the evolving corporate practice of medicine with respect to its effect on the patient-physician relationship, financial conflicts of interest, patient-centered care and other relevant issues.

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