

## Subsidizing affordable care

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Guest Column by Joel K. Goloskie and Jillian N. Jagling  
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A new exception to the physician self-referral law allows hospitals to subsidize independent physicians and physician organizations that recruit and hire certain nonphysician practitioners.



The Affordable Care Act has expanded health care coverage, and the population has continued to expand and age. As a result, demand for primary care and mental health services has outpaced capacity in many areas of the country. Even if the number of medical-residency slots were dramatically increased, the lag time would fall far behind the demand curve. Furthermore, a surge in physicians might not be the ideal way to address the problem.

NPPs represent a viable, more-quickly trained, and potentially more cost-effective solution to the primary care and mental health shortfall. A growing body of literature shows that hospitals in value- and risk-based compensation arrangements can also benefit from the ability of NPPs in referring physicians' practices to help manage those "frequent fliers," whose numerous emergency room visits and unreimbursed inpatient readmissions hold the key to the success or failure of accountable care.

However, despite nonphysician practitioners' ability to drive care coordination and cost reduction, the upfront cost of recruiting and hiring NPPs often represents more risk than

physicians are willing to bear. Already burdened by shrinking reimbursements and the costs of technology and electronic health records, physicians often balk at the potential shortfall that an NPP might run for the first year or two at the practice.

Until now, hospitals have been unable to subsidize a physician for taking this risk. However, as of Jan. 1, hospitals may subsidize up to 50 percent of the cost borne by a physician or physician organization related to the first two years of hiring certain NPPs.

If a subsidized NPP leaves prior to the completion of the two-year subsidy window, the hospital may subsidize any replacement NPP for the remainder of those initial two years.

There are numerous requirements to qualify for this subsidy, including that the agreement must be set out in writing and signed by the hospital, the physician and the NPP. One of the most significant limitations is that the NPP must not, within a year prior, have either practiced in the subsidizing hospital's geographical service area, or been employed by a physician or physician organization with a practice site located within the hospital's service area.

Interestingly, a freshly minted NPP will not have previously practiced in that specialty. Thus, for example, a newly graduated nurse practitioner who had previously practiced in the area as a registered nurse should qualify for the subsidy if all the other requirements are met. This should prove welcome news to those Rhode Island physicians whose top-performing nurses seek to further their careers at the soon-to-open Nursing Education Center in Providence's old South Street Power Station.

As hospitals vie for physician alignment, assistance with the recruiting and employment of NPPs is a way of turning terms like "partnership" and "resource" into something of tangible benefit for physicians, and for the backlog of primary care and mental health patients they struggle each day to serve. •

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