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Written Testimony of Joseph L. Quaranta, MD
Bipartisan Round Table on Hospitals and Health Care: Informational
Hearing on Physician Practice Acquisitions – Scope, Causes and Impact
Thursday, November 6, 2014

Good afternoon and thank you for the opportunity to speak here today. My name is Joe Quaranta. I am an adult Primary Care Physician in private practice in Branford. I am also the President of the Community Medical Group (CMG).

CMG is an Independent Practice Association, or IPA, with 623 member physicians plus associated providers working in approximately 239 practices. Our practices are located in 33 towns, with most physicians historically concentrated around the New Haven area, but now ranging from Westbrook to Fairfield and as far north as Cheshire. We are completely physician led and governed. Our practices remain independent, but have joined CMG in order to work together with other like-minded community based practices. Each of our practices is a small business with multiple employees providing local employment opportunities in our communities. CMG is dedicated to preserving these independent medical practices which are a vital component of the healthcare delivery network in Connecticut. We also believe that physician led organizations must continue to thrive and have an important say in how care is delivered to our patients.

Our primary mission is to pursue the goals of the Triple Aim: Delivering care in a patient focused manner, improving the quality of care that we deliver, and delivering that care in an efficient and cost-effective manner. Our practices deliver care of the highest quality and do so at a cost that is significantly lower than the rest of the market. We believe



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that patients should have a choice about where they receive their care and having a diverse provider network is essential to that choice.

I would like to leave you with three important messages today. One, independent practices are alive and well in Connecticut, and physicians in general do not have a desire to join large integrated systems. Two, independent practices deliver care that is of high quality and lower cost than that delivered by hospital-owned medical groups. Finally, independent practices need continued help and support if we are to continue to play our vital role in healthcare delivery.

The work that CMG and other independent groups across the state have done shows that independent practices working together in a group like ours can have a significant impact. We have implemented numerous quality improvement programs and clinical integration programs, developed physician led ACOs, installed community wide technology platforms, implemented a care coordination program, and have shown actual results in improving quality and in lowering costs. There is significant evidence that hospital acquisitions of independent practices serve to increase medical costs without improving quality. We have embraced new reimbursement models which are designed to base compensation on the quality of care that we deliver and how efficiently that care is delivered. This is more important now that a higher percentage of health costs are born directly by our patients and our employers.

There has been a message propagated that independent practices can no longer survive on their own and that the future of healthcare lies in large consolidated systems. It has also been said that physicians are actively seeking to have their practices acquired. I would tell you that



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this is not the case. I have practiced in the New Haven area since 2001, and I know many of the physicians whose practices have been acquired. Many of my colleagues' first choice was to maintain their practices as independent. Potentially correctable market and financial pressures were driving forces behind these acquisitions. A common scenario involved persistently lower reimbursements for community based physicians, creating economic hardships that were difficult to surmount. Small practices also worry substantially about their referral base, patient referrals, hospital access and support for infrastructure investment.

Despite these issues, many of us have resisted this pressure and have committed ourselves to preserving independent practices. This is due to a fundamental belief that physician-owned practices represent a critical element of our delivery network and that our patients' best interests are served when their physicians have a say in how their healthcare is delivered. There are many groups supporting independent practices across the state. In addition to CMG, there are other IPAs doing much of the same work that we are. There are also several large practices that have remained independent. Groups such as ours are vital for insuring that patients and their physicians will continue to make decisions about their healthcare.

Despite our success, these are challenging times for independent practices. Our business model is challenged with rising operational costs, which have not been matched by increases in revenue. Larger organizations, due to their clout in the market, have been able to negotiate better financial terms with payers, while our physicians who deliver high quality and efficient care are not compensated at the same level. Much of what our physicians do, which improves quality and



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provides value to our patients, is uncompensated. Regulatory requirements have increased substantially without appropriate resources to support their implementation and many of us now face penalties unless we implement expensive and time consuming requirements. Recruiting new physicians is challenging due to competition from larger organizations. If we are to be successful, we need help and support in these areas.

I want to thank you again for the opportunity to speak here today. I want to leave you with the message that independent practices remain strong and that physicians wish to remain independent. We will continue to provide high quality care in a cost effective and patient focused manner. With continued support I am confident that we will remain successful for the long term playing an important role in our healthcare system. Thank you and I would be happy to answer any questions that you may have.

Respectfully Submitted,

Joseph L. Quaranta, MD
Community Medical Group, Inc. President