

Hospital-based MSO

Key Insight: Hospitals can use their scale and existing infrastructure to set up a management services organization (MSO) that offers centralized business services to independent physicians. This arrangement is best suited for hospitals that are skilled in a particular area (e.g., billing, care management) and want to work across multiple physician groups.

CASE EXAMPLE **Stamford Health**

1,000+ medical staff, 305 beds • Stamford, CT

Stamford is an independent, not-for-profit hospital that serves patients in Stamford and Lower Fairfield County, Connecticut. Two-thirds of their medical staff are independent physicians.

The challenge

In communities with a fragmented physician market, it can be challenging for hospitals to work with multiple small practices at scale. Physician groups struggle to secure favorable rates and terms from suppliers.

How the partnership works

In 2017, Stamford created Physician Alliance of Stamford, LLC, a management services organization. The MSO provides non-clinical business support to local practices, which continue to maintain their autonomy. The MSO is governed by a 7-member physician board that is also majority independent. To join the MSO, independent groups pay an initial fee of \$1,000 that covers enrollment costs. From then on, they pay an annual membership fee. In exchange, practices get access to services that help them run their businesses. There are currently 81 physicians who participate in the MSO.

HOSPITAL-BASED MSO

Below, we've listed the MSO's offerings. Membership includes the core services listed. Practices can also purchase optional services for an additional fee.

Physician Alliance of Stamford's membership offerings

Core services	Optional services
<ul style="list-style-type: none"> • Fixed cost, high-volume vaccines • Discount pricing for medical and surgical supplies and equipment • Low-cost credit card processing • Employee health benefits and payroll services 	<ul style="list-style-type: none"> • Call triage services • Compliance and HIPAA/OSHA staff training • Credentialing and payer enrollment • Human resource support and management • Social media marketing • Website development and management • Answering service and secure texting • Business intelligence services • Technology services and IT support • Billing solutions • Recruitment services for administrative and clinical staff

Prior to launching the MSO, Stamford surveyed 50 independent practices in their market to understand their needs, price point, and interest in the MSO. Stamford then specifically crafted the MSO's offering based on the survey results. In addition to the services listed in the table above, independent groups that participate in the MSO also get direct access to an operations director who they can call for assistance with their membership. Stamford continues to take a physician-led approach when considering adding product offerings to the MSO.

To make the case for joining the MSO, Stamford provides all interested practices with a free quote that outlines potential cost savings. Stamford calculates the difference in group purchase expenses with and without MSO membership to quantify the value.

Stamford originally deployed the MSO to work with small primary care practices due to their slimmer margins, however the MSO has expanded to work with many specialists too. Membership is about 60% primary care physicians and 40% specialists. To join the MSO, physicians must be part of Stamford's medical staff.

Source: [Member Benefits/Why Choose Physician Alliance of Stamford](#), Physician Alliance of Stamford LLC, 2021.

The benefits for each party



Stamford

Stamford can use its existing infrastructure and scale as a hospital to offer services through the MSO with little marginal expense. In exchange, Stamford strengthens ties with its medical staff, most of whom are in independent practices and prefer loose alignment models.



Independent groups

Independent physicians who belong to the MSO benefit from cost savings and centralized support that can be expensive for practices to develop on their own. Importantly, members also preserve their independence, while being involved in decision making on the MSO board and hospital committees.



Community

Patients don't experience significant changes in their care due to the MSO. Stamford reports greater collaboration and care continuity between the hospital and independent practices, which ultimately benefits patients.

Considerations for your organization

- **Looser alignment models:** At present, physician practices set up MSOs more often than hospitals do. However, as physicians increasingly prefer arrangements that preserve independence and minimize hospital involvement, we anticipate that loose and flexible alignment models, such as MSOs, will become more common among hospitals.
- **Service offerings:** Organizations can set up MSOs to provide a variety of services to independent physicians—not limited to business support like Stamford's. Before launching an MSO, assess physician needs in your market and the services your organization is uniquely positioned to deliver based on your strengths.
- **Metrics:** Stamford measures success from their own perspective as well as that of the physician practices. They track physician group renewals and attrition by calculating the number of practices that join the MSO as well as the number that leave. Stamford also estimates yearly cost savings for the practices on supplies and credit card billing.