REPORT OF THE COUNCIL ON ETHICAL AND JUDICIAL AFFAIRS*

CEJA Report 02-A-26

Subject:	Managing Conflict of Interest Inherent in New Payment Models—Patient Disclosure
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Referred to:	Reference Committee on Ethics and Bylaw

AMA policy D-140.946, "Managing Conflict of Interest Inherent in New Payment Models," adopted at the 2025 Annual Meeting, and asks the following:

> Our AMA will produce a report with the aim of updating our *Code of Medical Ethics* to include guidance on disclosure of financial arrangements between physicians and healthcare facilities, employers, or payors that are potentially against patients' best interests.

This report is submitted for the information of the House of Delegates in fulfillment of the above directive and outlines relevant opinions in the *Code of Medical Ethics* that address ethical issues related to physician disclosure of financial arrangements.

BACKGROUND

Health care in the United States is currently undergoing a transition in the way systems approach payment and reimbursement for health care services. While, traditionally, health care payment has been based on the volume of services provided (fee-for-service models), alternative models of payment (such as value-based care models) are increasingly being adopted throughout the U.S. due to concerns regarding the lack of equity and focus on patient-centered care that has become endemic with fee-for-service models.[1] Many health care organizations welcome this transition, though proponents of fee-for-services models assert that value-based care also has issues and that we are better off realigning incentives within fee-for service models.[2] Other major shifts in the health care payment landscape include the rise of venture capital and private equity firms' increasing investment in, and acquisition of, physician practices and hospitals;[3] new and emerging technologies, such as personalized medicine and the use of AI tools within medicine, which are adding new complications to financial and reimbursement models;[4,5] and payments to physicians from industry, which remain pervasive despite evidence that such payments may influence clinical decision-making and negatively impact trust in the patient-physician relationship (though payments vary widely both within and between specialties).[6] As financial arrangements between physicians and healthcare facilities, employers, and payors continue to evolve, physicians must strive to ensure that such payment models and financial incentives do not conflict with or prohibit them from upholding their ethical and professional obligations to patients.

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ETHICS ISSUES

Physicians have an ethical obligation to prioritize patient welfare over financial incentives; thus, payment models potentially create dual loyalties and conflicts of interest if they encourage physicians to prioritize costs and revenue over patient care. A primary mechanism to protect patients, physicians, and trust in the institution of medicine is through the disclosure of any financial arrangements or other similar factors that could impact patient care. As payment models and financial arrangements become increasingly complex and challenging for patients to understand, there is an ever greater need for physicians to be aware of and understand their ethical obligations related to the appropriate disclosure of these financial arrangements, including how to uphold professionalism, informed consent, transparency, and quality care.

ETHICS ANALYSIS & RELEVANT *CODE* OPINIONS

The AMA's *Code of Medical Ethics* is not blind to the potential dangers posed by payment models and financial incentives. Opinion 11.2.1, "Professionalism in Health Care Systems," acknowledges that such models "can create conflicts of interest among patients, health care organizations, and physicians. They can encourage undertreatment and overtreatment, as well as dictate goals that are not individualized for the particular patient."[7] The opinion provides specific guidelines for physicians in leadership positions within health care organizations, and for the profession as a whole, on how organizational structures, payment models, and decision-support tools should be implemented to minimize the risk of unethical behavior.

The *Code* includes several other opinions that provide guidance to physicians related to financial arrangements and the importance of disclosing such arrangements. Opinion 11.2.2, "Conflicts of Interest in Patient Care," states that physicians must never "place their own financial interests above the welfare of their patients" and that regardless of the economic interests of any health care entity, if such interests "are in conflict with patient welfare, patient welfare takes priority."[8] This foundational ethical obligation of physicians to prioritize patient care over profits is echoed in Opinion 11.2.3, "Contracts to Deliver Health Care Services."[9] The opinion includes recommendations for physicians to thoroughly review contract terms, avoid conflicts of interest, ensure financial stability, maintain clinical independence, and ensure transparency.

With regards to the importance of maintaining transparency, Opinion 11.2.4, "Transparency in Health Care," states that "physicians have an obligation to inform patients about all appropriate treatment options, the risks and benefits of alternatives, and other information that may be pertinent, including the existence of payment models, financial incentives, and formularies".[10] The opinion also states that physicians should "[d]isclose any financial and other factors that could affect the patient's care."[10] In essence, this opinion makes it clear that financial disclosure, including disclosure of payment models or other financial incentives that may impact patient care, is a fundamental ethical responsibility for physicians. Additionally, the notion regarding the importance of disclosure is supported by Opinion 2.1.1, "Informed Consent," which highlights the value of transparent communication in fostering trust and shared decision-making. Taken together, these opinions require that physicians inform patients of all medically appropriate treatment options and that they disclose existing financial incentives or payment models that impact care decisions.[11]

CONCLUSION

The increasing corporatization of medicine, and the associated consolidation of health care entities, has been met by the emergence of new payment models in response to these changes. Despite shifts in payment models, it is crucial to recognize that any payment model has the potential to create conflicts of interest. Important steps to minimize such risks include prioritizing patient care above financial interests, supporting transparency through financial disclosure, and practicing informed consent and shared decision-making, as outlined in the *Code of Medical Ethics*.

RECOMMENDATION

The Council on Ethical and Judicial affairs recommends that Policy D-140.946 be rescinded as having been accomplished by this report.

Fiscal Note: Minimal

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