

# THE FIGHT FOR INDEPENDENCE

*-- How To Help Independent Doctors Stay That Way*

CENTRAL FLORIDA

MEDICAL GROUP MANAGEMENT ASSOCIATION

OCTOBER 12, 2016



**WORD IS GETTING OUT**

**Medscape**

Medscape Medical News > Conference News

# Hospital Job May Hold Rude Shocks for Physicians

Robert Lowes

October 15, 2015

The logo for the Orlando Sentinel is contained within a white circle with a dark grey border. The words "Orlando" and "Sentinel" are stacked vertically in a large, bold, black serif font. A solid green horizontal line is positioned below the word "Sentinel".

# Orlando Sentinel

## **Independent doctors unite to fight national trend toward hospitals buying physician groups**

*April 3, 2013|*

*By Marni Jameson, Orlando Sentinel*

Since January, at least 114 local doctors have traded their independence for steady paychecks from hospitals. The move, part of a nationwide trend, has wide implications not only for doctors but also for patients' pocketbooks.

Often, patients don't realize their physician has become a hospital employee until they get their bill. These often will be higher because hospitals can negotiate higher reimbursement rates with insurers, according to comparisons on insurance

# AID IS GROWING

In three years, AID has grown to 1000 members coast to coast, in 28 states, with four chapters:

- Florida
- Maine
- California
- South Carolina



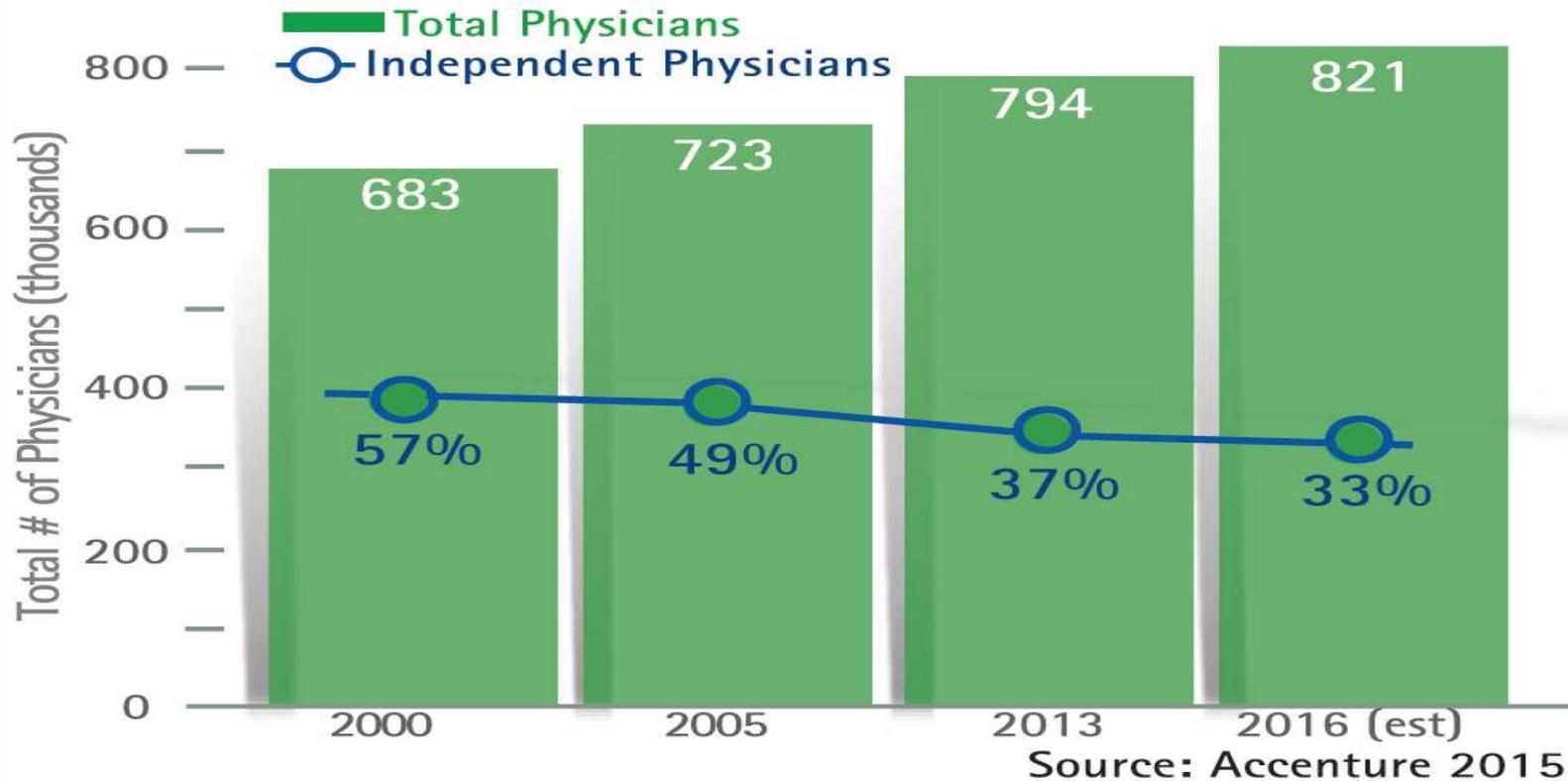
# Doctors are facing an epidemic

The percentage of doctors who are independent has dropped from 57% in 2000 to 33% in 2016.

*-Accenture*

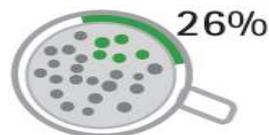
# Independent U.S. Physicians: A Swiftly Shrinking Segment

Only 1 in 3 doctors will be independent by end of 2016, Accenture finds



## Independent Practices Adapt to Market Conditions

1. Opted-out Medicaid



2. Reduced support personnel



3. Extended hours



4. Joined ACO



5. Opted out health exchanges



Solo doctors opt out of public programs and try low-cost staffing models to adapt to market conditions, says Accenture survey.

# National trends that are

- ① Driving up patient costs
- ① Compromising Care
- ① Driving out physicians

# Why are doctors doing this?

- More \$
- More perceived security
- Someone else pays for overhead, marketing and malpractice
- More referrals
- Avoid EMR investment

# Why are hospitals doing this?

- Capture & control market share
- Channel referrals
- Boost diagnostic tests
- Receive more \$ for same procedures

# Why is that so bad?

## *7 Consequences*

1. Less Competition
2. Lower Quality of care

# America's Health Insurance Plans

Consolidation of providers results in a well-documented record of harm to consumers with price increases of 20-40% after consolidation. - *AHIP*

# Why is that so bad?

## *7 Consequences*

1. Less Competition
2. Lower Quality of care
3. Less Choice
4. Higher Costs

# Same procedure, different place

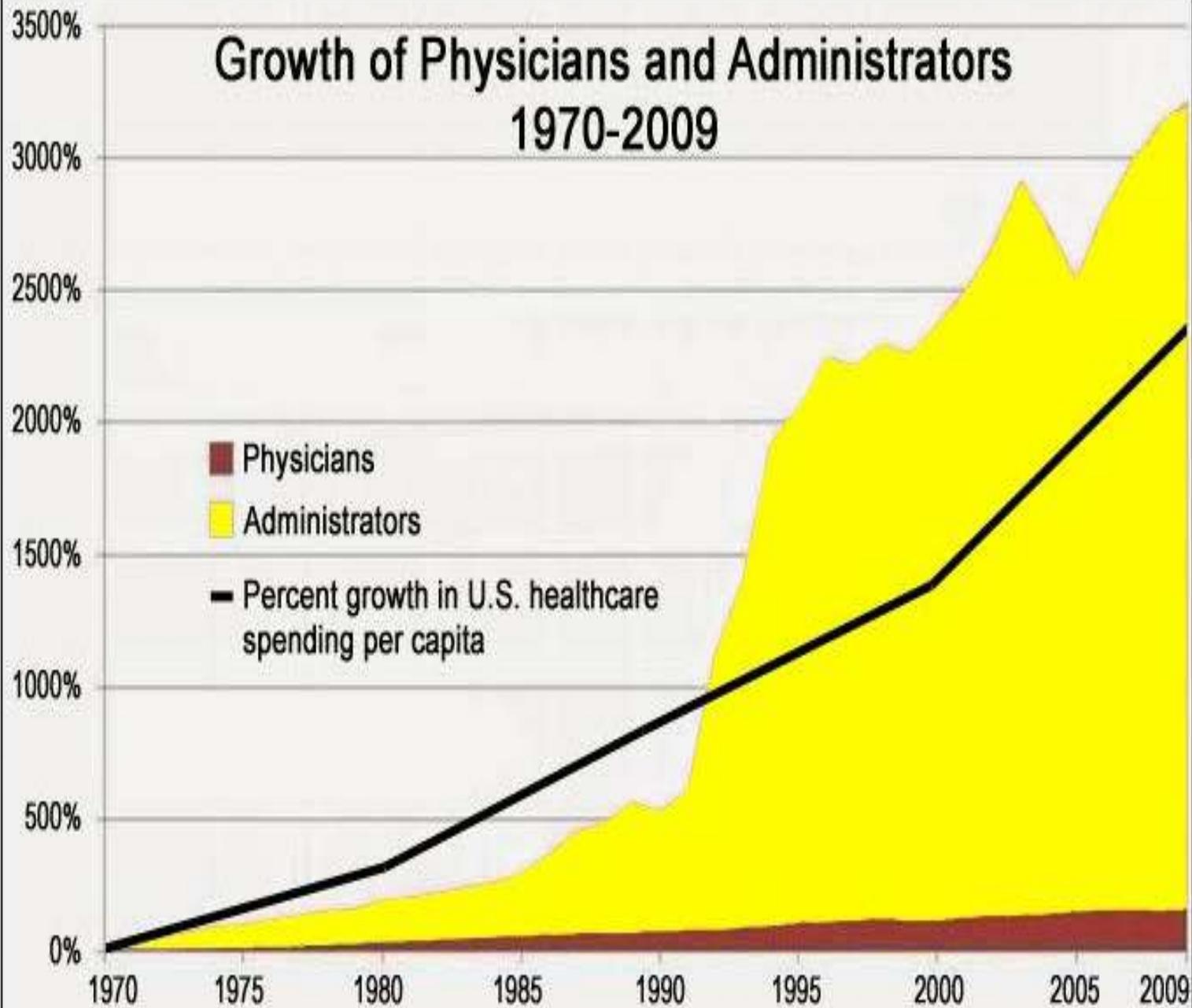
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|--------------|--------------|-------------------|
| ○ MRI        | \$ 319-\$742 | ○ \$1,591-\$2,226 |
| ○ Heart cath | \$1,100      | ○ \$4,000         |
| ○ EKG        | \$373        | ○ \$1,605         |

*\* Source Medicare Payment Advisory Commission*

**Free-standing center**

**Hospital Outpatient**

# Growth of Physicians and Administrators 1970-2009



\* 2300% increase in U.S. healthcare spending per capita between 1970-2009 (Source: Health Care Costs: A Primer, The Henry J. Kaiser Family Foundation)

Source: Bureau of Labor Statistics; NCHS; and Himmelstein/Woolhandler analysis of CPS

# How Costs Compound

Independent Doctor



Independent Specialist



Freestanding imaging center



Freestanding Surgicenter

\$\$\$\$

Employed Doctor



Employed specialist



Hospital-owned imaging center



Hospital-owned Surgicenter

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# Costs of ancillary services are higher in the hospital

**A prime example can be seen in advanced imaging, where Medicare payment in 2014 was 36 to 53 percent higher in the hospital outpatient department than in the office.**

*- Milliman Client Report to the AMA*

# Mean costs per inpatient:

- ⦿ Independent doctor: \$3,066
  - ⦿ Hospital-owned doctor: \$4312
  - ⦿ Multi-hospital-owned doctor: \$4776
- *Study in JAMA, Oct. 2014*

# Why is that so bad?

## *7 Consequences*

1. Less Competition
2. Lower Quality of care
3. Less Choice
4. Higher Costs
5. Fewer Jobs
6. Higher Taxes

# Nonprofit hospitals pay

- ⦿ **No tangible personal property tax**
- ⦿ **No real estate tax**
- ⦿ **No sales tax**
- ⦿ **No state or federal income tax**

# Why is that so bad?

## *7 Consequences*

1. Less Competition
2. Lower Quality of care
3. Less Choice
4. Higher Costs
5. Fewer Jobs
6. Higher Taxes
7. Less Job Satisfaction

# *WHAT AID IS DOING*

- Pushing for transparency, parity
- Fighting to prevent consolidation
- Educating consumers about importance of going to independent doctors
- Challenging tax-exempt status

- Promote Transparency

Abolish facility fees or at a minimum reveal them.

# PRICE TRANSPARENCY:

## *The Facility Fee Law*

### CONNECTICUT LAW REQUIRES:

- Hospital-employed physicians to disclose to patients that they will be charged facility fees.
- Doctors offices to tell patients that if they go to a non-hospital-owned facility, they would not be charged facility fees.

- Promote Parity

Require third-party payors to reimburse doctors the same amount for the same procedure whether the doctor is independent or employed.

*-- A recommendation Medpac has long recommended, but lawmakers have ignored.*

# Administration's proposal:

- If Congress approved the switch, and required Medicare to pay the same for any visit, test or procedure offered by doctors in private practice and those in hospital-owned practices, Medicare would save nearly \$30 billion over 10 years.

- -- *New York Times*

# *WORK WITH FTC TO Fight monopolies*



- Idaho
- Pennsylvania
- Illinois

- Stop nonprofit hospitals' abuse of tax-exempt status

Require nonprofit hospitals that behave like for profits to pay taxes.

# No Property Taxes



# Tax-Exempt Criteria

1. Nonprofit hospitals need to measure charitable contribution based on Medicare reimbursements, not ChargeMaster prices.
2. Bring salaries in line: For instance nonprofit executive should not make more than 10 times the average wage of a full-time employee in their state.
3. Otherwise, pay taxes – SO PATIENTS DON'T HAVE TO.

<b>Diagnosis</b>	<b>Avg. Charge Master Price</b>	<b>Total Medicare Allowable</b>
Transient Ischemia	\$30,192.00	\$4,724.00
Simple Pneumonia and Pleurisy	\$52,865.00	\$9,380.76
Major Cardiovascular Procedures	\$118,169.12	\$21,269.39
Perm. Cardiac Pacemaker Implant	\$86,717.42	\$16,268.58
Chest Pain	\$25,559.37	\$3,626.24
Laparoscopic Cholecystectomy	\$70,545.43	\$10,699.04
Back and Neck Proc. Exc. Fusion	\$51,584.65	\$6,881.58
Infectious and Parasitic Diseases W O.R. Procedure	\$180,708.87	\$35,452.36

# *How we make a difference*

- ⦿ Working with patients
- ⦿ Working with media
- ⦿ Working with business
- ⦿ Working with lawmakers
- ⦿ Working with doctors

# AID Meets Gov. LePage

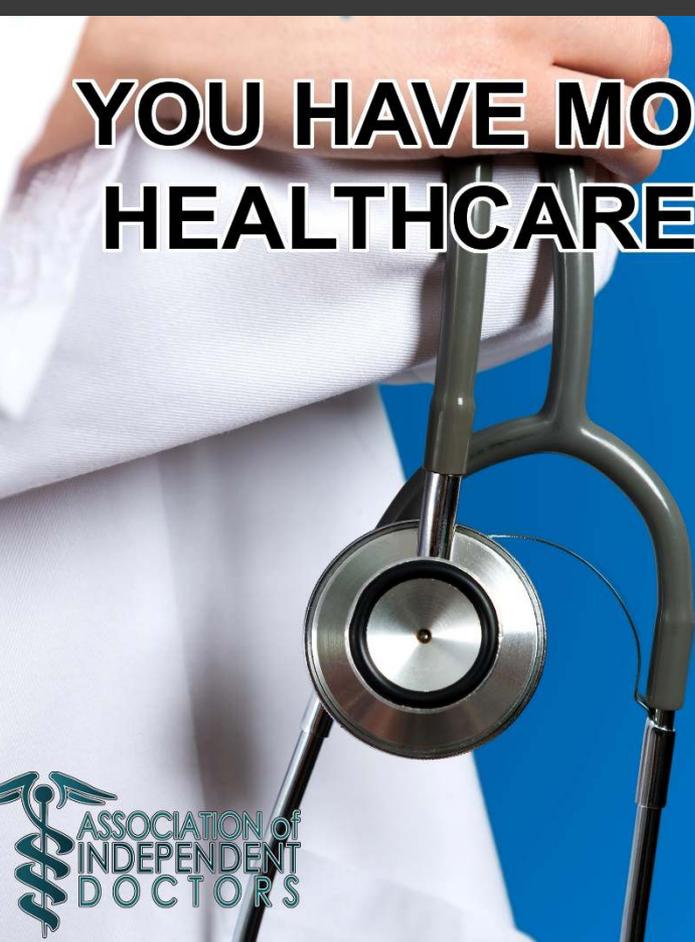


# Capitol Hill–US Rep. Pete Sessions



# Working with doctors

- McKesson discount
- Online directory
- Media
- Answers & Ammunition



# YOU HAVE MORE CONTROL OVER YOUR HEALTHCARE COSTS THAN YOU THINK

Choosing an independent  
doctor, rather than one  
employed by a hospital,  
can cut your bills in half.



Find an independent doctor at [www.aid-us.org](http://www.aid-us.org)

# Register Now for the AID 2016 Conference

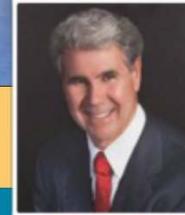
## INDEPENDENCE IN ACTION

Gerard Anderson, PhD  
*Follow the Money*

Marlan Wilbanks, Esq  
*The Fight Against Fraud*

Richard Gunderman, MD, PhD  
*The Case for Autonomy*

Michael Reilly, MD  
*Games Hospitals Play*



Don't miss AID's first member meeting. At *Independence in Action 2016*, you will hear dynamic, nationally regarded speakers, and meet other independent doctors and sponsors dedicated to keeping doctors independent -- all while enjoying the magic of Orlando's Walt Disney World theme parks and attractions.

Walt Disney World  
Swan & Dolphin Resort, Orlando, FL  
Saturday, Nov.5, 2016

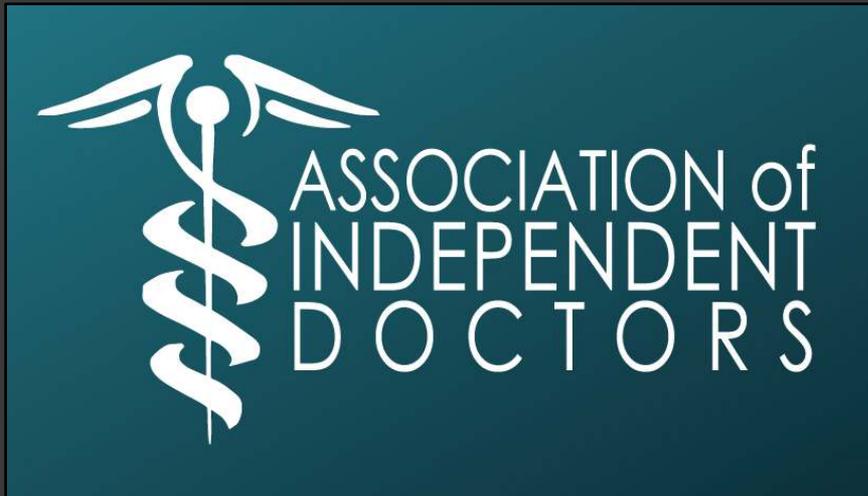
Register at [www.aid-us.org/conference](http://www.aid-us.org/conference)



(407) 571-9316

# Get Big and Loud





[www.aid-us.org](http://www.aid-us.org)

***Giving doctors  
a voice  
and patients  
a choice.***