



## *Interesting Times*

*“May you live in interesting times”* – unknown ancient Chinese Philosopher

This quote is remarkably appropriate as it pertains to the private practice of medicine in the face of Obamacare.

Most of what we know of this quote is either misunderstood or wrong. The first thing to realize is that the “blessing” is actually a curse. The second thing to realize is that, though a Chinese philosopher is given credit most often, it is a 20<sup>th</sup> century statement and Western in derivation.

How appropriate therefore, to be applied to Obamacare and the American physician.

We live in interesting times. Unfortunately, most physicians are simply walking blindly as if all they need to do is keep their heads down to survive. Therefore, Private Practice Doctors has provided this newsletter to help you succeed as the new healthcare landscape takes hold. Very simply stated, the following items are key to your future as a private physician in the months and years ahead.

### Medicare – How you will be penalized

- Did you know you have already received a **2%** pay-cut from Medicare? Whether you like it or not, the sequester has left each physician with an automatic 2% decrease in reimbursements. This does not mean you can work 2% less hard, it simply means take it or leave it. 2% does not sound like much, but watch what happens as these small amounts add up.
- The **2%** sequester cuts also apply to EHR (electronic health records) incentives. Thus, a 2% reduction will be applied to any Medicare EHR incentive payment for a reporting period that ends on or after April 1, 2013.
- If you do not adopt EHRs and demonstrate meaningful use, you will be penalized **1%** by Medicare in 2015, **2%** in 2016 and **3%** in 2017.
- If you do not adopt electronic Rx your penalties are **1.5%** for 2013 and **2%** for 2014.
- If you do not report PQRS (physician Quality Reporting System) measurements you will be penalized **1.5%** in 2014 and **2.0%** in 2015.

## Medicare – The arbitrage

An arbitrage, in the financial world, is the taking advantage of a price difference in two or more markets and taking a profit based on the difference. The Medicare Arbitrage is about to end. This is how it works. When a doctor works as part of a hospital owned practice, they bill Medicare and are paid significantly more than if that same service is provided by an independent medical office. There is an arbitrage between Medicare's inpatient Part A and outpatient Part B rates. To take advantage, you might have noticed (a little humor) that hospitals have been on a buying spree for physicians practices. They, therefore, brought the physician services under Part A where they are able to bill at higher rate for the same service. Many of you know many doctors that leapt at the opportunity to compensate for their declining incomes and lock in long-term employment contracts.

Fortunately or unfortunately, depending on perspective, the Medicare Payment Advisory Commission (MedPAC) said that reimbursement rates should immediately be made site neutral. Now don't go out and start partying because it is doubtful the Part B rates will increase. In fact, MedPAC stated that Part A's rates should be cut to match Part B.

## Medicare – Doctor rates

The Medicare Payment Advisory Commission has proposed to cut what Medicare pays specialists and then freeze these lower rates for years. They proposed that specialist would see payments for their services cut by 5.9 percent a year for three years (totaling a 16.7 percent cut in income), followed by a seven-year freeze at the reduced levels. Primary-care providers would have their reimbursement rates frozen at today's pay levels for the whole decade. These rate decreases are being taken very seriously by the Administration.

## ACA (Obamacare) and You

The vast majority of products sold on the exchange will be low end. The law says that a large host of services must be covered. Therefore, the plans need to limit what providers do and what they are paid.

The American Enterprise Institute published an article about this several weeks ago. They stated, "The Obama Administration's underlying assumption, all along, has been that doctors earn too much. In a little-noticed analysis published a few years ago in the Journal Health Affairs, one of the administration's former assistant health secretaries, Sherry A. Glied, made a case that American doctors earn a lot more than their counterparts in Europe.

[For example,] U.S. orthopedic surgeons earned the highest average annual incomes at \$442,450, followed by \$324,138 for surgeons in the United Kingdom. Although UK surgeons still earned 50 percent more than surgeons in the other comparison countries, they earned 30 percent less

than US orthopedic surgeons. Orthopedic surgeons averaged \$154,000 in France and \$208,000 in Canada.”

The long and the short of this governmental analysis was that physician huge salaries were the main drivers of higher US spending on healthcare. The goal, therefore, is to cut physicians wages further.

### Obamacare – Which physicians participate?

Before addressing the question of which physicians will be allowed to participate, let’s get one item out of the way. Almost every source including the LA Times is reporting that Californians will actually be paying more for less because of the “Affordable” Care Act.

To hold down premiums, major insurers in California have sharply limited the number of doctors and hospitals available to patients in the state's new health insurance market opening Oct. 1. The law requires insurers to cover all comers regardless of pre-existing health conditions and the law severely limits how insurers can account for pricing. One way for plans to meet these economic and regulatory burdens is to restrict access to certain providers, limiting choices of hospitals and physicians, lengthening wait times or forcing them to see a new doctor who will take the modified rates. Therefore, many physicians will see themselves dismissed from providing care by some insurance companies.

### It’s a whole new world

With all this going on the market place, ask yourself if you can be complacent and just let things happen? The physicians in our community and many others, represent the highest level of quality, the most education and the most entrepreneurial. We, at Private Practice Doctors, cannot stress enough that private physicians must come together, no matter whom we take care of, what our specialty or where we are temporally in our practice. The forces at hand are simply too powerful for the isolated private practitioner to steer the rocky shoals of modern medicine and government regulation.

Private Practice Doctors started its life as a way to ensure that physicians were able to obtain services for the lowest possible prices. We have provided private physicians the absolutely lowest merchant rates for their credit card accounts. We have provided doctors with the best prices ever in medical, as well as office supplies. We have provided access to low cost EHR so physicians could avoid costly penalties. We have provided critical information through newsletters and informational packets so that the private physician stays informed. We have sponsored networking events to benefit physician practices.

We are entering new territory now. The private physician, in the coming months will need to make decisions that will likely affect our ability to take care of our patients for years to come. These decisions will affect our livelihood and our financial viability.

We have not been sitting still. Private Practice Doctors has been meeting with large corporations, physician groups and other very large entities to help the private physician survive in this new medical world. Shortly we will be having an open invitation meeting to lay out our map for the future. We hope you will attend.

We encourage you to join our efforts, use our services and help us explore new venues.

It seems that Aesop in the 6<sup>th</sup> century BC was very wise. He wrote:

### **The Four Oxen and the Lion**

A Lion used to prowl about a field in which Four Oxen used to dwell. Many a time he tried to attack them; but whenever he came near they turned their tails to one another, so that whichever way he approached them he was met by the horns of one of them. At last, however, they fell quarrelling among themselves, and each went off to pasture alone in a separate corner of the field. Then the Lion attacked them one by one and soon made an end of all four.

If we do not come together, we will not survive.