Vox Medici

Speaking out about Medicare
Vox Medici: Speaking out about Medicare

LocumTenens.com was inspired to create this *ebook series* by our perception that in the midst of all the heated rhetoric surrounding healthcare, there is one voice that is eerily quiet—the doctor’s voice. Pundits, politicians, and insurance companies have had (and continue to have) their say, but doctors tell us time and again that they feel that they do not have a seat at the debate table. This is their chance to be heard, and it is our privilege to give them a forum.

At LocumTenens.com the quality of our doctors is the strength of our business, and we would like to say *thank you*. 
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Letter from the President

Dear Readers,

As part of our annual Employment and Compensation Survey, we asked physicians to quantify numerically their Medicare experience. These numbers, which were self-reported estimates, are probably a better portrayal of physicians' perceptions of Medicare rather than the reality on the ground.

The view of Medicare among physicians is cautious at best and downright gloomy at worst. Over 43 percent of physicians believe Medicare reimbursements will go down while a mere four percent believe they will go up. Nearly 48 percent believe the Medicare reforms implemented by the Affordable Care Act (ACA) will not benefit them. Only seven percent thought the reforms would be positive. The number one concern physicians stated was a reduction in reimbursements. This preoccupation is made abundantly clear in the word cloud on page 15.

An interesting phenomenon we discovered through this survey is that physicians' opinions about what was wrong with Medicare varied widely but the overwhelming feeling was negative. We base this conclusion not so much on the opinion numbers (a full 45 percent of respondents have yet to make up their minds on this issue) but the tone of the open ended comments. Certainly there is room for perception to swing. Indeed, 45 percent of respondents were either undecided or unfamiliar with the reforms. However, the Centers for Medicare/Medicaid Services (CMS) and current and future administrations have their work cut out for them to move the needle of physician perception into the positive. Some would argue it is an insurmountable task.

Perception drives reality just as much as or more so than facts. If physicians feel that Medicare is broken, they will feel less inclined to participate, and that can only spell doom for the program.

We hope this ebook can shed more light onto a program that so profoundly influences the way physicians and patients experience our healthcare system.

Sincerely,

R. Shane Jackson
President
LocumTenens.com
Introduction

Starting January 1, 2011, the Baby Boomers started reaching retirement age at the astonishing rate of 10,000 a day. This milestone coupled with the unprecedented levels of chronic disease among Americans is the making of a perfect healthcare storm. Policy-makers struggle with the fiscal imperative of making the numbers work and the public expectation that we will continue to take care of our elderly in the way that we have for decades. Reducing benefits or raising out of pocket costs is unpopular, so the standard approach has been to squeeze healthcare providers more and more until the ability of physicians to provide good care in a cost-effective way is in serious jeopardy.

The scope and depth of this problem is confirmed by our survey findings:

• 87 percent of respondents accept Medicare patients.
• On average, 38 percent of their patients are enrolled in Medicare.
• The respondents who did not accept Medicare patients mostly did so for financial reasons or to avoid the paperwork and billing hassles.
• Just over 30 percent of respondents who accept Medicare take a loss on those patients; 21.6 percent break even; 8.3 percent make a profit; 39.8 don’t know whether their Medicare cases are profitable or not.
• The average reimbursement, as a percentage of private insurance, among respondents was 59 percent. Cardiologists received the highest reimbursement, 68 percent, and anesthesiologists the lowest, 42 percent.
• 48 percent of respondents said they did not believe the Medicare reforms implemented by the Affordable Care Act (ACA) would be beneficial to them, only 7 percent believed it would.

These findings caused us to realize that we had to give physicians an opportunity to voice not just their frustrations, but also their solutions to the Medicare issue. Keep reading for more of their thoughts in their own words.
The Breakdown: Medicare Profile of Respondents

Although many physicians say they are concerned that they will have to stop accepting Medicare, more than 87 percent of our respondents say they currently accept Medicare patients. Less than four percent of physicians have never accepted Medicare, and nine percent have accepted Medicare in the past. Of the respondents who accept Medicare patients, on average, 38 percent of their patients are enrolled in Medicare.

Of the respondents who did not accept Medicare, nearly a third said their reason for not doing so is that there is not enough money in Medicare cases. Just under a third said they did not like the billing and paperwork hassle.

Do you currently accept Medicare patients?
- Yes: 87.2%
- No, but have in the past: 9.0%
- No, never: 3.8%

What are your reasons for not accepting Medicare patients?
- Not enough money: 32.9%
- Billing/paperwork hassle: 19.4%
- Don't know: 15.9%
- Plan to: 11.2%
- Other: not under HMO plan: 0.6%
Where's the Money? Profitability of Medicare Cases

We asked respondents whether Medicare payments cover more, less or break even compared to their costs per encounter. The largest percentage, 39.8 percent, just did not know whether their Medicare cases were profitable. A small percentage, 8.3 percent, of respondents, said they could make money on Medicare cases, but nearly 52 percent said they just break even or take a loss. We also asked survey respondents how much Medicare reimburses per patient encounter compared to a typical privately insured encounter. The average for all non-anesthesia respondents was 62 cents on the dollar. Anesthesiologists reported an average of 42 cents on the dollar.

“If one could deduct the difference between what Medicare pays and what the actual bill is, it might make Medicare viable. But to be paid 10-20 cents on the dollar billed is ridiculous. A person can’t pay one’s utility bills or salaries at 10-20 percent!”

—Anesthesiologist in the Midwest
Profitability (cont.)

We asked respondents how much Medicare reimbursed them compared to private insurance. The average for all respondents (excluding anesthesiologists who are reimbursed on a different scale) was 62 cents on the dollar. We also asked respondents to tell us whether Medicare paid more, less or enough to break even compared to their costs per encounter. We compared answers to the reimbursement ratio question and the profitability question to determine how much physicians who reported being profitable were being reimbursed on average. Physicians who reported that their Medicare cases were profitable reported being reimbursed 68.3 cents on the dollar. Physicians who said they only broke even were being reimbursed 63.3 cents on the dollar, a five cent difference. In other words, on average, the difference between making money on Medicare cases and just breaking even was only five percent. The difference between breaking even and taking a loss was just over nine percent. This discovery would appear to have significant policy implications and begs the question: are there non-physician expenses that could be cut to free up more money for doctors? Our respondents had suggestions for cost cutting described on page 10.

“[Medicare should] pay 5% more than it costs to perform the test or exam, so we can afford to provide excellent patient care.”

—Radiologist in the Northeast

Note: Based on physicians’ stated profitability level and self-reported Medicare to private reimbursement ratio, the difference between making a profit and breaking even was 5 cents on the dollar.
Reimbursement by Specialty

There was some variance in average reimbursement reported depending on specialty. Cardiology, neurology and internal medicine were in the top three. The range among specialties, not including anesthesiologists, was only 11 cents on the dollar, but anesthesiologists’ reimbursements were significantly lower than the rest, 26 cents lower than cardiology and 15 cents lower than emergency medicine.

It must be pointed out that reimbursements were self-reported estimates and therefore not extremely precise. We take these numbers to be a reflection of physicians’ perception of how well Medicare pays and their overall outlook about Medicare. We spoke to a billing expert from Jackson Revenue Management and staff at the Health Care Advisory Board. Between them, they estimated that private insurance pays between 125 to 150 percent of Medicare for non-anesthesiology expenses. In other words, Medicare actually reimburses between 67 and 80 cents on the dollar compared to private insurance, in contrast to the 57 to 68 cents reported in our survey. That means that, with the exception of anesthesiologists, physicians may have underestimated their reimbursements by between a few cents up to 23 cents, depending on specialty.

Anesthesiologists appear to have overestimated their reimbursements. Our billing expert reported that typically Medicare reimburses between 30 and 35 cents on the dollar compared to private insurance, as opposed to 42 cents reported by our respondents. We spoke with an anesthesiologist about his opinions on Medicare and the reimbursements for anesthesiologists. That interview is featured on page 12.

Average Medicare to private reimbursement ratio by specialty
**Physician Opinions: Healthcare Reform**

Not surprisingly given the profitability numbers reported, physicians generally felt pretty negative about the Medicare reforms implemented as part of the Affordable Care Act (ACA). Nearly 48 percent said they did not believe the reforms would be beneficial to them. Fewer than seven percent of respondents thought the reforms would be beneficial. However, nearly 45 percent said they were undecided or not familiar enough with reforms to make a judgement.

Even when considering the profitability of Medicare for respondents, we found that the majority of respondents who were making money on Medicare cases still felt that the upcoming reforms to Medicare would not be beneficial to them.
Physician Opinions

Physicians who did not support the Medicare reforms implemented by the ACA predominantly cited reduced reimbursements as the reason. Smaller percentages said they disagree with government’s involvement in healthcare or the government’s approach to Medicare. The third most cited reason was that the program would be less effective or physicians would have increased workloads and greater limits. One respondent said it would result in “less payment for each patient, each procedure; it also affects the prices of private insurance as they will also follow suit with Medicare rates.”

Physicians who did support the ACA said they believed it would result in increased access for patients. The second most-cited reason was that it would increase reimbursements. A surgeon in the West said, “I currently see about 15–20 percent uninsured patients, so each paying patient subsidizes that non-pay patient. With the ACA, presumably everyone I see will have some means to pay for the time I spend with each patient.”
Physicians’ Solutions for Fixing Medicare

We asked respondents what reforms they thought would make Medicare more successful. Their write-in answers were categorized according to themes and tallied below. Physicians overwhelmingly said that their shrinking reimbursements are the number one problem and the key to making Medicare work for them. Many respondents also saw the Medicare bureaucratic machine as an impediment to good and cost-effective care. Others felt that patients needed to start taking more responsibility for the cost and quality of their care. The suggestions for improving Medicare ranged along the political spectrum from a single-payer, government-run universal healthcare system to a purely market-based system with vouchers or health savings accounts. More specific categories of solutions are outlined in the following pages.

Physicians’ Solutions for Fixing Medicare

“Medicare would be more acceptable to physicians if:
1) Threats of continual ‘audits’ would be rescinded
2) Making reimbursement more reasonable
3) Deleting the extra paperwork involved
4) Embracing more prevention (i.e. physicals, nutrition, tobacco quitting regimens, etc.)
5) Making enrollees understand that having a physician accept Medicare is not a ‘right,’ but a cultivated ‘benefit.’ Too many ‘expect’ to be treated like kings and queens for pauper wages.

— Family Practice Physician in the West
Solutions: Physician Payment Reform

A large percentage of all respondents, 39 percent, said they want Medicare to increase or at least stop reducing physician payments. Many respondents said that the government bureaucrats don’t appreciate how much time it takes to provide good care to the Medicare population. One respondent would like to see a mere five percent margin on his Medicare reimbursements. Many physicians would be happy if Medicare simply stopped lowering their reimbursements. A lot of respondents want Medicare to fix the Sustainable Growth Rate (SGR), which is currently postponed by the so-called “Doc Fix.” Several physicians said allowing balance billing would solve the reimbursement problem. A handful of respondents said they would like to see higher payments for diagnosticians relative to proceduralists. A few physicians said that if their reimbursements couldn’t be raised they should at least be allowed to write off the losses on their tax returns.

“Pay for what we DO not what non-physicians ‘think’ we do. Don’t allow private insurance to follow the Medicare cuts. At the end of the day, the people benefiting the most with an increased margin are the insurance companies! The patient will be the one to suffer.”

—General Surgeon in the Southwest

Physicians’ Solutions for Fixing Medicare

* Categories that corresponded to less than one percent of respondents are not shown.
Solutions: Cost Containment

The number one answer in this category had to do with reducing the bureaucratic burden of Medicare. Many physicians thought that the paperwork was oppressive and unnecessary and an obstacle to good care. Others thought that making patients more accountable for the cost of their care would help reduce costs. Suggestions in this category included making it more difficult to go to the emergency room for every health issue and incentivizing patients to be more compliant. Some respondents thought that Medicare should stop covering things like scooters as a way to control costs. Others thought that the Medicare eligibility age should be raised or that means testing should be implemented.

“[Implement] strategies to decrease utilization, which would increase reimbursement per encounter. True tort reform/caps. Decrease regulations and paperwork, which have nothing to do with patient care.

—Orthopedic Surgeon in the Northeast

1) Stop spending $190 million per day in Afghanistan.
2) Stop spending any money to support Middle Eastern dictatorships.
3) Use the money for America.

—Surgeon in the Southwest

Physicians’ Solutions – Cost Containment

14.3%
3.1%
2.8%

less bureaucracy and regulation; more transparency
increase patient accountability/share of cost
reduce/limit types of things covered/limit eligibility
Solutions: Medicare Administration/Policy Reform

Responses in this category included suggestions that Medicare administration and/or policy should be reformed in some fundamental way or, in the case of 2.1 percent of respondents, eliminated entirely. Some suggested that Medicare simply be run like private insurance while others thought it should be completely privatized. Some talked about making more use of HMOs and Medicare Advantage type plans.

Also included in this category was the suggestion of allowing physicians more autonomy or involvement in the administration of Medicare. One respondent said he would like to see a “review board of physicians at the government level to act as a true liaison for us.” Others wanted to see Medicare do more to eliminate fraud and corruption.

“Give patients the option of taking the money from Medicare and buying private insurance.”

—Radiologist in the West

“Cancel it, turn it over to the states, fund by federal block grants plus state funding, let the states decide what their population needs.”

—Family Practice Physician in the Midwest

![Physicians' Solutions – Medicare Administration/Policy Reform](chart-image)
A Closer Look: An Anesthesiologist’s Solution

Q: Please expand on your survey answer that you think “there must be a modifier for sicker patients and patients who are not compliant.”

Right now Medicare does not allow the use of modifiers. And so a healthy 70 year old regardless of the type of procedure is a lot easier to take care of, and hence that would be your base charge, than someone who is morbidly obese, who takes more skill to pass down the breathing tube or takes more skill to do a regional anesthetic, in case you can’t do general anesthesia. Allowances for morbid obesity, hypertension, someone who smokes like a chimney, stuff like that, would help us because there’s thought, there’s more effort put in to the same type of anesthesia. The rest of the insurance world does allow the use of modifiers for sicker patients.

In terms of pain management from the clinic standpoint, we see these patients in clinics that are also much more involved because of co-morbid conditions. Again, modifiers for co-morbid conditions are not allowed to be charged under Medicare. Third party payers do allow that. Or worse yet, the patients who are not compliant. For example, a diabetic who’s supposed to be on a 1,500 calorie diet, who weighs 320 pounds, who is not compliant is much harder to take care of than a diabetic who is compliant, who does take their insulin on a regular basis and does follow American Diabetic Association diet.

Q: Among the specialties surveyed, anesthesiology came in last in terms of the Medicare reimbursements they receive. What is your reaction to that?

Our procedure reimbursement does not build in an overhead charge because they say, “You’re hospital based. You don’t get overhead charges.” Well, actually we do. So a lot of overhead charges have not been built in to our fees. The owners here in our clinic, we have to make a decision in the next year whether or not we’re going to have to limit our Medicare patients because right now, they just meet our per patient charge. And if they cut Medicare, well, then we have to cut Medicare ourselves.

—Anesthesiologist in Kentucky
**Solutions: Expand Access/Reform Care Delivery**

There was a subset of respondents, 12.7 percent, who felt that the Affordable Care Act didn’t go far enough. Some of these respondents wanted to put everyone on Medicare and do away with private insurance entirely. Others in this category thought that access to primary, preventive and chronic care should be expanded. One physician would like Medicare to “compensate physicians based on quality of their visits not just quantity; better control of BP, DM, Lipids, etc.” and compensate better “for geriatrics given their multiple comorbidities and end of life challenges.” Other suggestions in this category included increasing prescription drug coverage, lowering the eligibility age and having Medicare reimburse at 100 percent instead of 80.

“A single-payer, universal coverage, Medicare-for-all model incorporating preventive, substance abuse treatment, mental health, and chronic care in an integrative service model.

—Psychiatrist in the Northeast

Non-profit, single-payer system with uniform billing requirements to eliminate profit at another’s expense and eliminate the endless and unnecessary extra work brought on by insurance companies’ refusal to pay.

—General Surgeon in the West

**Physicians’ Solutions – Expand Access/Reform Care Delivery**

![Bar chart showing solutions for expanding access and reforming care delivery.](chart.png)
A Closer Look: Tort Reform

Q: Why is malpractice reform the key to making healthcare affordable?

First of all it would decrease the cost of defensive medicine. I see that in radiology every day. A lot of tests are ordered when the doctor knows that they’re really not indicated, but they’re simply doing them to cover their butts. A classic example of that: I would say 95 percent of the CTs of the head that we see coming through the emergency room are normal. And if the American public really truly wants to decrease the cost of Medicare, then they need to allow physicians the chance to go by their clinical impressions and not be so insistent on getting all of these CT scans, which are invariably normal. Every patient who comes into the emergency room who is dizzy typically gets a CT scan of the head. And 95 percent of the time they’re normal and there’s nothing there. And what’s happening is the emergency room physician is being forced into that situation because of medical malpractice liability concern, because if he misses one case, he will be called in, and he will be sued for malpractice. The second reason, obviously, is malpractice costs for physicians.

What I propose is that doctors, if they win one of these lawsuits, if the suit gets dismissed, that they be able to countersue the plaintiff’s attorney for frivolous litigation—a new cause of action. And if we were able to do that, all of a sudden a lot of this malpractice litigation would be dropped.

Q: In your survey answer, you mentioned medical malpractice courts. Can you expand on that?

Part of the issue is that a lot of these cases are brought before judges by attorneys who are inexperienced, and it takes forever, and the judges don’t know exactly what’s going on. They don’t know what’s frivolous and what’s ridiculous. And many times the attorneys don’t know either. And this drags on. And it drags on for both the patient and for the physician. If you had a system where you had a doctor, a nurse and a patient advocate, and they could hear these cases and make a final decision, you could really significantly clear up a lot of these cases within a few months instead of dragging them out forever.

—Radiologist in Ohio
Closing Thoughts

At LocumTenens.com, while advocating for our physicians’ interests, we try to stay neutral on the political aspects of any issue. Sometimes that is very difficult to do, especially with a topic like Medicare. We even wondered whether the title of this ebook “Speaking out on Medicare” was too ideological. However, it seems clear from the overwhelming response we got that, objectively speaking, Medicare is not working for physicians. What we tried to capture, and hopefully we succeeded, was the scope and nuance of our respondents’ opinions and solutions, which ranged broadly across the political spectrum. We hope that by publishing physicians’ thoughts on Medicare that we can add value to the national conversation, which sometimes leaves their voices out.

For fun, we took all the write-in responses to our solutions question and turned them into a word cloud. The larger the word the more often it was used in the responses. We invite you to draw your own conclusions.
Appendix: Survey Methodology & Respondent Profiles

Through our Employment and Compensation Survey, LocumTenens.com surveyed 2,063 healthcare providers around the United States in a wide range of specialties. For purposes of this ebook, we excluded respondents who were not either MDs or DOs and respondents for whom Medicare was not applicable, such as pediatricians. The total respondents included in this ebook were 1,598. The Medicare reimbursement percentages were self-reported estimates. For the “Solutions” section, we grouped write-in answers according to similar themes and further classified them into larger categories.

“all other” includes specialties that represented less than two percent of the respondent total. They are the following: Neonatology, Pathology, Ophthalmology, Pulmonary Medicine, Gastroenterology, Endocrinology, Dermatology, Allergy and Immunology, Nephrology, Oncology, Neonatology, Pathology, Ophthalmology, Pulmonary Medicine, Gastroenterology, Endocrinology, Dermatology, Allergy and Immunology, Nephrology, Oncology, Hematology/Oncology, Rheumatology, Sleep Medicine, Administration, Sports Medicine, Podiatry and Other.