# Dropout DOCS

Physicians are choosing employment by hospitals versus running their own private practice. How will this growing trend impact the health of your medical care?

By_Stephanie Yamkovenko / Photos_Erick Gibson

Has your doctor disappeared? Did he or she take down the shingle and exchange it for an office at a hospital or health care corporation? It's what the American Medical Association is calling the "silent exodus" of physicians who are leaving independent private practices.

The numbers themselves are quite telling. From 2000 to 2009, the percentage of U.S. doctors working in private practices dropped nearly 15 percent and that number is projected to decline 10 percent more this year, according to an analysis by Accenture, a global management consulting firm. These departures will leave less than one-third of physicians working in independent private practices, compared with 57 percent working in private practices 13 years ago.

Doctors are trading in their small businesses for staff positions with hospitals and large physician-owned practices. The Medical Group Management Association (MGMA) found that nationwide there has been a 75 percent increase in physicians employed by hospitals since 2000.

And our community isn't immune from this trend. "Yes, it's playing out here in Frederick," says Dr. Manny Casiano, chief medical officer at Frederick Memorial Hospital (FMH). "It's playing out throughout Maryland."

Frederick County has seen an upsurge in physicians employed by the hospital. "It's definitely increased in recent years," observes Casiano. "Over the last five years, it has probably doubled." Currently FMH employs about 60 physicians and more than 20 physician assistants and nurse practitioners, notes Jim Williams, vice president of business and physician development at FMH.

"It's definitely real," confirms Gene Ransom, CEO of MedChi, the Maryland State Medical Society. "It's definitely going on. It's definitely happening."

Oddly enough, it's happening at a time when one-third of all doctors in the country plan to retire in this decade despite the aging Baby Boomer generation requiring greater medical attention. Couple this reality with those newly insured by health care reform generating more demand for health services. Maryland, along with the nation, currently suffers from a physician shortage.

## What's Up, Doc?

Experts believe several factors are causing the flight from private practice, including the rising costs of running a business, expensive and mandatory electronic health record systems, low physician reimbursement rates and high medical malpractice insurance rates. Health care reform might also be to blame.

A survey of 100,000 physicians in 2010 found that 68 percent of doctors believe the Affordable Care Act will reduce the financial viability of the private practice. The leaders of Johns Hopkins Hospital and Health System and University of Maryland Medical System recently stated publicly the federal law that will create an influx of new patients seeking care from already overburdened primary practitioners without supporting a growth in the number of doctors.

Others disagree. "I would actually say that it's not fair to blame health care reform," says Ransom. "I'd say that's a part of it, but a lot of things really caused the change. It used to be a doctor could have a small office, even in his house, with a nurse and could easily bill. Now, frankly, just running a business in America is more complex."

Dr. Manny Casiano, chief medical officer at Frederick Memorial Hospital (FMH), says he's seen an upsurge in the number of physicians leaving their private practices in the county over the past decade.

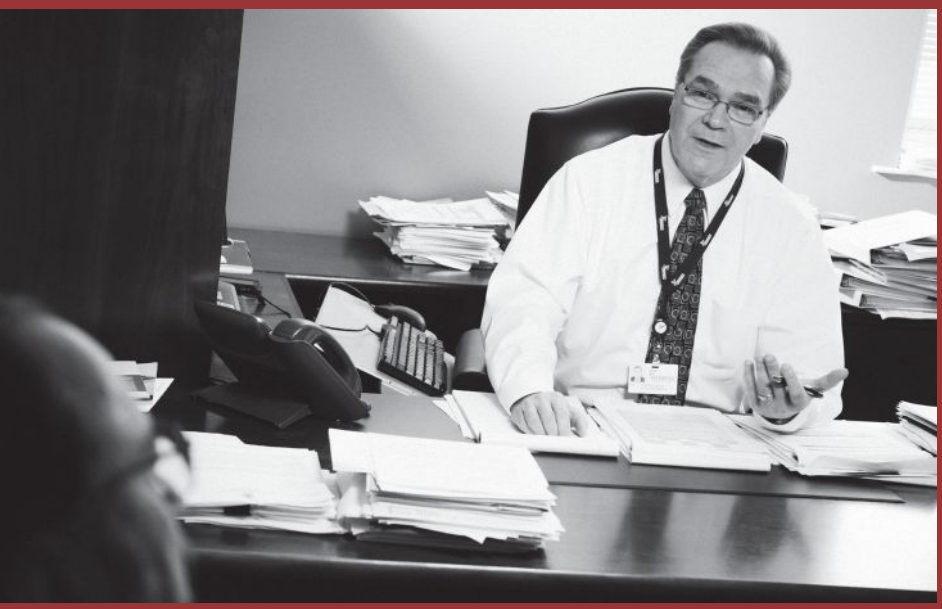
Physicians claim that their expenses over the past 11 years have doubled and the cost of living during this time soared 30 percent, according to David Gans, senior fellow of industry affairs at MGMA. "Meanwhile, payment from Medicare and most other insurers has gone up very little — 5 percent in 10 years. There's no surprise that a physician would forego autonomy for economic security of being part of a larger system."

Reimbursement rates for physicians are also low in Maryland. "Maryland has some of the lowest physician reimbursement rates in the country," Casiano states. "And relatively high cost of living, as everyone knows. Maryland has some of the higher malpractice insurance rates around. Private practices can be tough, especially in a state like Maryland."

## Working 9 to 5

Will it matter if your doctor is in private practice or employed by a hospital? It depends.

Ransom says there are a variety of factors at work, and time is one of them. "I know doctors who have become employed [by a hospital or health care corporation], and it's not that they're not as good as private practice doctors, but what happens is when you get a job with a hospital, suddenly you want to work 35 hours a week," he says. "Whereas the guy or woman who owns his or her own private practice is working 60 to 70 hours a week. They see a lot more patients; they work late hours. They will work on weekends, and they will do calls in the middle of the night."



"We don't want to compete with our community physicians if they want to grow their practice and fill the need that is in our community," says Jim Williams, vice president of business and physician development at FMH, in response to a question about the hospital's view of adding former private practice physicians to its staff.

A report by doctor-recruiting firm Merritt Hawkins & Associates found that employed physicians work fewer hours than physicians in private practice, but the difference is slight (employed physicians work on average 53.1 hours as opposed to 54.1 hours a week for private-practice physicians).

"I don't think it's fewer hours," Casiano says. "The difference is that you're spending the hours on what you were trained to do and the reason you went into medicine, which is taking care of patients."

Both Ransom and Casiano agree that physicians employed by hospitals will most likely have lower stress levels. "It might also mean that your doctor is better rested and willing to spend a little extra time with you because there is not as much pressure on finances because the hospital is paying their salary and it's not based on how many folks they see," says Ransom.

Employed physicians also don't have to worry about running a business. Williams notes that he hears comments from local physicians and recruiters that most doctors aren't interested in running a business, which is basically what a private practice is. "They went to medical school because they wanted to take care of patients," says Williams. "They're looking for security in today's environment."

Casiano agrees. "I think the reason that employed physicians generally have lower stress levels is because what they are spending their time doing is what they were trained to do, what they want to do and what they enjoy doing," he says, "as opposed to the business side of medicine, which most doctors really don't enjoy and find pretty stressful."

## Now Hiring

With a 75 percent increase in physicians employed by hospitals and health care systems since 2000, it might seem that hospitals are actively seeking out physicians to employ. However, the reality is a bit more complicated.

"What is the goal of the hospital?" asks Gans, who then ticks off a list of answers. "The goal of the hospital is to provide good patient care, to contribute to the community and to remain economically viable to do that in the future." He points out that hospitals have high operating costs with the brick-and-mortar facility and staffing needs for 24/7 care, and sometimes hiring physicians might not be a financial benefit to the hospital. "I am observing some situations where hospitals are divesting their physician practices because, in their context, it doesn't make sense."

FMH has doubled the number of employed physicians, but the hospital's first choice is to meet the physician need through the community's private practices, according to Williams and Casiano. "We don't have the money to employ every doctor in Frederick even if we wanted to, which we don't," says Casiano.

And the hospital doesn't want to give the guise of competition either. "We don't want to compete with our community physicians if they want to grow their practice and fill the need that is in our community," adds Williams. FMH will conduct a medical manpower plan to determine the physician needs in Frederick. If a community practice is willing to recruit the needed physicians, FMH can assist and support the practice during recruitment. "If they are unable to or unwilling, and there's a bona fide need, then that's when we would look to recruit an employed physician."

## Medical Emergency

In 2007, a Maryland physician workforce study found that Western Maryland was experiencing a shortage in 20 of 30 physician categories. The report projected a critical shortage in the area in primary care and most specialties into 2015.

"I would be very concerned if I lived in a rural area," warns Ransom.

Downtown Frederick is classified by the federal government as a medically underserved and health professionals shortage area. "We definitely have a primary care physician shortage," says Casiano. "We'll need upwards of 15 to 20 new primary care docs in the next 10 years. That's what everyone is focused on now."

Frederick County residents can turn to their local government if they are experiencing difficulties in their search for a doctor, especially if they have Medicaid or a state health insurance program. "For individuals who are having problems finding a physician that takes Medicaid, we have the ombudsman program here in the health department and individuals can call us to get one-on-one assistance," says Jackie Dougé, deputy health officer at the Frederick County Health Department. Residents can also contact the department to see whether they are eligible for a state health insurance program (call Health Care Connection at 301-600-8888).

Williams is more optimistic about shortages in Frederick. "Our community continues to grow and our population is also aging so that creates a little more demand on health care. We want to continue to make sure that we have an adequate supply, but we're not in the situation that some communities are where they truly don't have enough physicians and patients do have access problems. We do not see significant access problems."

## Care, Cost, Convenience

In terms of the cost to patients, Gans says the price tag will be the same to see a doctor in private practice or a doctor employed by a hospital. "It doesn't change how much you pay for services," he says. "The insurance company contract determines that."

Ransom points out that, anecdotally in his experience, negotiating with a physician in private practice is easier than negotiating with a hospital. "Sometimes it's a little easier to negotiate with a small private practice doc than it is with a large institution," he explains. "I know many docs who will just write it off — won't charge people who can't afford it. Whereas there are rules and restrictions that don't necessarily allow the hospitals to do that. It depends on the hospital — some do and some don't."

So what's the bottom line? What can we really expect from the silent exodus of doctors dropping out of private practice?

Despite the shortages, Frederick County was in the top quartile of Maryland counties for health status and health care access in a 2010 primary care needs assessment conducted by the state government.

"There can be both some inconvenience and convenience," says Gans. "There may be fewer medical facilities in the community, but they have longer hours. In fact, because of the opportunity for the larger system to have longer hours and have nurse practitioners who augment the physicians' efforts, I think when you need to see a physician, you will actually have easier access, but you may have to travel more to get it."

Jackie Dougé, deputy health officer at the Frederick County Health Department, notes that the county maintains an ombudsman program for individuals who experience difficulties finding physicians that accept Medicaid.

# Vital Signs

**Employed physicians work on average 53.1 hours. Independent private practice physicians work 54.1 hours a week. Employed physicians see 17 percent fewer patients a day (18.1 patients compared to 21.9 in private practice). A quarter of doctors cited long hours and lack of personal time as among the least satisfying elements of their careers.**

Source: Report conducted by the doctor-recruiting firm Merritt Hawkins & Associates for the Physicians Foundation

**Downtown Frederick is a Medically Underserved Area (MUA) with a score of 58.10 (scores range from 1 to 100, with scores of 62 or less being classified as a MUA). Downtown Frederick is a Health Professionals Shortage Area (HPSA) with a score of 14 (range 0-25 — the higher the number, the greater the need for doctors).**

Source: U.S. Department of Health and Human Services: Health Resources and Services Administration, *http://hpsafind.hrsa.gov*

**Western Maryland has a shortage in 20 of 30 physician categories (report conducted in February 2007). Expect there to be a critical shortage in primary care and most specialties in Western Maryland through 2015.**

Source: Maryland Physician Workforce Study, sponsored by the Maryland Hospital Association and MedChi, The Maryland State Medical Society

**In 2000, 57 percent of physicians were in independent practices. In 2005, 49 percent of physicians were independent practice physicians, and in 2009, the percentage decreased to 43 percent. The 2013 percentage is projected at 33 percent.**

Source: Accenture, *http://www.accenture.com*

**Frederick County is in the top quartile of Maryland counties for health status and health care access.**

Source: 2010 Primary Care Needs Assessment: Primary Care Office, Office of Health Policy and Planning, Family Health Administration, Department of Health and Mental Hygiene, October 28, 2011

**Physicians claim that their expenses over the past 11 years have doubled and the cost of living during this time period went up 30 percent. Meanwhile, payment from Medicare and most other insurers has gone up very little — 5 percent in 10 years.**

Source: David N. Gans, MSHA, FACMPE, senior fellow for industry affairs, Medical Group Management Associates

**Between 2008 and 2012, physicians' average number of work hours decreased by 5.9 percent (from 57 hours to 53 hours). Doctors saw 16.6 percent fewer patients during that time period. If this trend continues into 2016, it would equate to a loss of 44,250 full-time doctors.**

Source: Report conducted by the doctor-recruiting firm Merritt Hawkins & Associates for the Physicians Foundation

# The Concierge Is In

A new primary care model with annual membership fees gives a whole new meaning to 'club med'

**By Stephanie Yamkovenko**

Several trends are happening concurrently in the medical profession, and they are changing the nature of the health care industry. Some of the most common trends involve physicians leaving their private practice to join hospitals, and some doctors are opening a new type of practice — membership medicine.

More commonly known as "concierge care" or "boutique medicine," the concept of this primary care model revolves around patients paying an annual retainer or membership fee to belong to a small practice that limits the number of patients and provides added benefits not typically covered by health insurance — for example, 24/7 access to a physician via phone or email. A Government Accounting Office (GAO) survey found annual fees range from just $60 to as much as $15,000 with a national average of $1,500 per patient.

In Maryland, several concierge medicine practices exist, but, so far, none are in Frederick County. Concierge Choice Physicians LLC has doctors' offices in the Baltimore and Annapolis areas, while MDVIP physicians practice in Carroll County and Montgomery County. In a 2010 *Washingtonian* article, the executive director of the Medical Society of Northern Virginia estimated there were a couple hundred concierge practitioners areawide.

"Concierge medicine is interesting because it's a category that has a lot of different definitions," says David Gans, senior fellow of industry affairs at the Medical Group Management Association (MGMA). "In some cases, it implies a practice that takes no insurance at all." Instead, patients pay a yearly fee rather than use health insurance to cover costs for medical services.

The American Medical Association estimates that fewer than 1,000 physicians nationwide have a full concierge practice where they do not accept health insurance.

Other practices adopt a more hybrid model that accepts health insurance but also allows patients to pay for access to services not reimbursed by insurance companies, such as spa treatments at a dermatologist's office or the ability to communicate with your doctor via email. Fees would cover the costs of these services.

Opponents believe it creates a two-class health care system favoring those who can afford to pay for enhanced treatment while luring doctors away from practices serving less-privileged individuals. Proponents claim it's a consumer-oriented model that is more responsive to individuals' needs than assembly-line medicine. Time isn't spent in congested waiting rooms overseen by surly office staff and in 15-minute consults before being rushed out the door. A limited workload allows physicians to focus on each patient, coordinate the treatments they — not the insurance company — deems necessary and spend more time on preventative care.

"I think you're going to see, especially in the future, more physicians who are going to look at how they can improve services and have patients pay for services that would not be covered under insurance," says Gans. "Patients like to have those benefits. We're going to see changes of how services will be provided."