The Top 3 "Diseases" Killing Physicians' Practices And a Proven Prescription For Curing Them

> *"Physicians in private practice still outnumber those employed, but this could be shifting as less than half … with an ownership stake say they plan to remain in private practice. The other half are actively or passively seeking to sell, preparing to retire or planning to just close their practice doors."*
>
> Trend Watch: Physician Practice Acquisitions. Which Physicians are Selling Their Practices and Why -- Jackson Healthcare.

It's not easy being a physician in today's healthcare climate.

Proof can be found in the number of physicians who report declining satisfaction in their jobs. Or, worse, are planning their exit strategies.

The sources of unhappiness are plentiful. Some may seem minor, or appear more as an inconvenience than an actual problem. But those inconveniences, when piled on top of one another, become major time-wasting, money-draining, dissatisfaction-inducing situations that are leaving many physicians questioning their decisions to stay in medicine.

Innovative Healthcare has worked with thousands of doctors and practices over the past several years and has heard a lot about the pain and frustration physicians, their practices and families are enduring. We wanted to find out if their concerns were isolated situations or if their feelings were systemic to most doctors. So, we decided to study their complaints and identify what the majority of doctors were experiencing, and to see what, if anything, could be done to fix them.

After several months of research and countless interviews with physicians of all types and specialties, we found that there are three major areas of concern — which we refer to as diseases — each with its own set of symptoms and ailments that are threatening the financial health and sustainability of physician practices nationwide. Here is a summary of what we learned:

KNOWN DISEASES — AREAS OF CONCERN

"Acquired Revenue Deficiency Syndrome" — Revenue going down!

Symptoms and ailments: Four in ten physicians reported their take home pay decreased from 2011 to 2012. More than half expected their incomes to continue to fall dramatically over the next one to three years. The percentage jumps to 68 percent among solo doctors.[1]

[1] "Deloitte 2013 Survey of U.S. Physicians," Deloitte

Because physicians have no control over the rates they are paid by Medicare, and to a large extent, private payers, there are few remedies physicians have for this problem. If they want to keep their incomes steady, they have to see more patients, but most are already working themselves to the point of burnout.

The industry is also moving toward an outcomes-based compensation model for physicians. This model requires physicians to spend money on new technology capable of discrete data collection as well as personnel able to analyze the data and act upon it. If the models work as planned, the focus on preventive health will mean fewer patient visits — a noble enough goal, but one with unavoidable economic impact.

Unfortunately, the majority of physician income is still based on fee-for-service arrangements.[2] What this means is, the amount of uncompensated care physicians provide will certainly increase.

Adding to the angst physicians are feeling about these emerging care models is that even if the reimbursement trends move in the physicians' favor, they will lose some control over their earning potential in an outcomes-based model. Even if physicians do all they can to encourage patient engagement and compliance, ultimately patients will be responsible for more of their own care, leaving fewer opportunities for physicians to improve their reimbursement levels.

"Oppressive Overhead Inflation Disorder" — Overhead going up!

Symptoms and Ailments: Not only are doctors being paid less, but when they do experience a financial surplus, it is going back out to cover the cost of running a practice.

Among the costly changes physicians are required to adapt to are:

* The conversions to ICD-10, which is expected to cost physicians between $56,639 to $226,105 with the price tag growing each time there is another delay to the conversion deadline date[3];

* The rise in payroll expenses. Physicians must provide good salaries and cost of living allowances to staff, or lose them to other practices. This means less money in their own pockets. Because of mandates handed down by the Affordable Care Act (ACA), and the demand of a growing patient population, many practices are being forced to add to their staffs;

---

[2] "Physician Compensation and Production Survey: 2013 Report Based on 2012 Data," MGMA, June 2013.

[3] "The Cost of Implementing ICD- 10 for Physician Practices – Updating the 2008 Nachimson Advisors Study," Nachimson Advisors, Feb. 12, 2014

* Technology costs. Physicians must adopt electronic health record systems or face a payment penalty from Medicare. But technology adoption isn't a one-time cost, it involves ongoing maintenance expenses. In other words, a permanent increase to overhead.

"Obsessive Time Deficit Disorder" — Loss of time and freedom!

Symptoms and Ailments: Because reimbursements are going down, if physicians want to continue bringing home the same amount of money each month, they have to see more patients. Even if they don't want to take on more patients, they may be forced to anyway, resulting from the influx of an estimated 30 million patients from the ACA, and an aging population.

Physicians may be contracted to take on new patients who gained coverage through the insurance exchanges and not even be aware of it because of insurers invoking "all-product clauses."[4] This, despite 48% saying they will be unable to accept any of the newly insured patients because they are already overwhelmed with the demands of their current patient populations.[5]

In addition to the growing patient demands, physicians are facing regulation overload. More than half say they are now spending one day a week or more on paperwork.[6]

All of the stresses and burdens are leading to physicians experiencing burnout at a much higher rate than other U.S. workers.[7] They are spending more time at work and less time with their families and in their communities.

Many have decided this is not what they signed on for when they entered private practice. They are closing their private practices and taking employed positions with large health systems. This is taking them away from the administrative burdens, but causing many to feel a loss of independence. Some are taking it one step further and hanging up their lab coats for good and leaving medicine altogether. While these challenges are all unique, they all boil down to this:

Physicians feel they must work harder to bring home less money and their quality of life is suffering in the process.

ARE THE SOLUTIONS (CURES) BEING OFFERED WORKING?

The industry has been rife with suggestions on how to combat the mounting

[4] "Physicians May Already be Contracted with Exchange Plans and Not Even Know It," California Medical Association, April 2012.

[5] "Practice Profitability Index," CareCloud, May 2013

[6] "Deloitte 2013 Survey of U.S. Physicians," Deloitte

[7] "Burnout and Satisfaction with Work-Life Balance Among US Physicians Relative to the General US Population," JAMA, Oct. 8, 2012.

problems. However, many of these solutions either create new challenges or don't go far enough to really make a measurable impact. Among them:

Adopt new technology and processes. The promise of EHRs is that they will drive efficiencies. Many practices have found this to be true, but with caveats and the investment of a great deal of time and money.

First, the EHR systems need to be a good fit. Many practices have wasted time and money starting with a system that wasn't right. More than a third of practices in the market for an EHR aren't first-time shoppers.[8] This means one of the largest investments a practice can make was made at least twice by many.

Improve billing processes and systems. This can be handled in two ways: better technology to help the practice collect at the time of service, or by outsourcing — both of which cost more money. Plus there is the added stress on physicians due to fear of losing control of their money.

Increase patient base. This assumes practices have open appointment slots waiting to be filled, which simply isn't the case. Physicians are already dissatisfied with the limited amount of time they have to spend with each patient and the longer hours they have been forced to work to meet the demands of those patients.[9] In addition, there is the added paperwork, administrative time, and staff necessary to handle them.

What primary care physicians say are the most satisfying factors about practicing medicine.

Factor	% of PCPs Who Ranked This #1
Patient Relationships	35%
Protecting and Promoting the Health of Individuals	38%
Intellectual Stimulation	16%
Financial Rewards	3%
Prestige of Medicine	3%
Interacting with Colleagues	2%

Deloitte 2013 Survey of U.S. Physicians

Whether you have tried some of the above or alternatives, you too may have found that solutions being promoted today are not living up to your expectations or the promoters' promises. Everyone seems to have his or her own view point as to what can help you solve your challenges and make your life a little easier. No matter what is offered, you have to decide if it will work and if it fits in with your way of practicing medicine.

THE ULTIMATE CURE (SOLUTION) HAS BEEN IDENTIFIED!

A recent survey from Deloitte found that only 3% of physicians say financial rewards are the most satisfying aspect of practicing medicine. This could be because they aren't experiencing the financial rewards they had expected when they decided to enter medicine.

The fact is that financial rewards, returns on investment (of time and money) and making a profit *should* be #1. But not for the greedy, self-serving reasons one might think or others might accuse you of. The reason is:

More Money Solves Up To 95% Of All Of The Problems Discussed So Far!

[8] "Many Dissatisfied Physicians to Switch EHR Vendors," American Medical News, March 12, 2013.

[9] "Deloitte 2013 Survey of U.S. Physicians," Deloitte

The challenge is: *How do I accomplish that?*

It is our belief that there are only two proven ways to increase revenue, so physicians can have the time and energy to help more people and increase their patients' — and their own — quality of life. The first solution could be called a "treatment" and the second one a "cure".

"The Treatment"

Quit practice, do a 2-3-4-year fellowship and become a "Specialist" (i.e., ENT, Neurologist, Cardiologist, Orthopedic Surgeon, etc.). These types of specialties typically command 50%-100% more revenue for often times fewer hours and with less staff. This also means their net profit or personal income can be double, triple or even quadruple that of a regular physician (i.e., Internal Med, Family Physician, Primary Care Doctor, etc.).

Even though some Specialists are experiencing some of the "diseases" mentioned earlier, most of them have a higher standard of living, a better quality of life and are maintaining their professional independence.

The Ultimate "Cure"

Instead of becoming a Specialist, it is our contention that physicians need to "specialize" in something in addition to what they are currently providing.

There is already evidence of general practice and family physicians attempting to earn more revenue by adding cosmetic services such as Botox and dermal fillers to their offerings.[10] Some doctors are offering laser hair removal, skin resurfacing, and body contouring. Many have added EMG and NCV testing, ultrasound tests, and bone density scans.

While the above has its limitations, a growing number of physicians continue to try to make these choices work. Unfortunately, most of the "success stories" are few and far between. We have all heard the stories about how "the sales person lied to me," or "I thought it was going to be X, but it turned out to be Y" and "I lost a lot of money..."

Even though these doctors may be on the right track, we feel that they are probably on the wrong train. Or, as Will Rogers once said: "Even if you are on the right track, you'll get run over if you just sit there." It is understandable why this can occur: Physicians have spent years learning about medicine and far less time studying business. To that end, we suggest that any ancillary services a doctor decides to prescribe to eliminate his or her ailments should follow the protocols below.

PROVEN GUIDELINES FOR A FAST RECOVERY

[10] "Bad Doc, Greedy Doc?" Women's Bioethics Project, April 2009

Before you add any in-office ancillary service to your practice, we suggest that you compare what it has to offer to the criteria in the checklist list below to make sure it can live up to your expectations…then decide!

Protocol Checklist (with no known side effects)

It should help existing patients. Physicians went into medicine to help keep patients healthy. Services that can be offered to the existing patient population mean better care without the need for extensive marketing to attract a new patient demographic.

It should be offered to a growing patient population. One of the fastest growing populations is Medicare-eligible Americans. As of 2012, there were nearly 50 million Medicare beneficiaries.[11] An estimated 10,000 turn age 65 each day and will continue to do so until 2030.[12]

Medicare and other insurance companies should be willing to pay for it. In tough economic times, patients tend to put off care, especially care that is not covered by insurance.[13] Insurance coverage reduces the cost barriers to patients receiving a service.

It should be something no one else or very few other physicians are offering. Many physicians have started offering cosmetic services such as Botox and dermal fillers. The problem? So have local spas, chiropractors, plastic surgeons and others. Instead of competing with others in the community, physicians should, instead, offer something unique so they can benefit from referrals.

It should be easy to learn or provide and add to the practice. One of the biggest complaints about new technology in a physician practice is its usability[14] and the space necessary to implement it. One of the reasons some technology is not considered user-friendly is because it requires expensive and time-consuming training, which practices can neither afford nor have time for. As for space...ideally the equipment should be small and portable, so it can be easily moved from office to office.

---

[11] "Total Number of Medicare Beneficiaries," Kaiser Family Foundation.
[12] "Baby Boomers Retire," Pew Research Center, Dec. 29, 2010.
[13] "More Than Three in 10 in U.S. Put Off Treatment Due to Cost," Gallup Poll, Dec. 14, 2012,
[14] "The Correlation of Training Duration with EHR Usability and Satisfaction: Implications for Meaningful Use." AmericanEHR Partners, Oct. 20, 2011

It can't take up much of the doctor's time to do or implement. Services that don't require a medical degree and can be provided by existing staff in a matter of minutes will have minimal impact on the practice workflow and won't take physicians away from regular patient visits.

Other physicians will be willing to refer their patients for the service. When physicians find a service that has proven value and benefit to their patients, but don't offer those services themselves, they are likely to send those patients to someone who does.

It can be marketed to the community as valuable and professional. It should not be experimental or investigational and should be a medically necessary service with a proven track record that addresses a growing problem. This will not only bring extra revenue, but will be considered an asset to patients and the community.

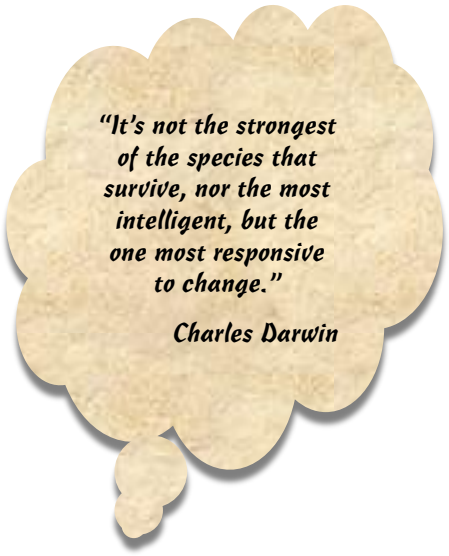
It doesn't significantly increase overhead or cost a lot of money. During tough economic times, many practices have depleted their capital funds on things such as EHR systems or advanced practice management systems. Another large investment or one with a low ROI is not an option for many practices.

It is profitable, yet low risk for doctor and patient. Investing in something not guaranteed to produce a return on investment is not something many physicians are willing to do, nor should they be. The risk of a failed investment becomes even greater when that service carries a risk to the patient.

It fits into the current healthcare models. Reform efforts have placed a focus on keeping patients healthy, improving outcomes and reducing healthcare spending. Offering services that address these goals will help physicians see the benefits of reform efforts in their own practices.

GUARANTEED OUTCOMES & HOPE FOR THE FUTURE

If the above protocols are followed, you will be guaranteed to have the outcomes you want, as well as ones your patients can benefit from, too.



Solutions that fit these criteria are not only possible, but are already in use today by physicians across the country who are finding more joy in the practice of medicine and more time for a better quality of life.

Unlike many of the unfunded mandates meant to improve patient health, but end up financially hurting physician practices, there are solutions that can be implemented in practices today that can improve patient health, and a physician's bottom line. Don't forget that famous quote: "If you do what you always did, you will get what you always got."

If you would like to learn more about the "cure" mentioned above — *one which more than 1,000 physicians have already successfully injected into their practices* — give us a call to find out if this prescription can benefit you too. Or, you can watch a video by going to www.vngwebinar.com...then visit our website at www.innovativehealthcaresystems.com.

Richard Gant, CEO — Innovative Healthcare, LLC
420 S State Road 7, Suite 118, Royal Palm Beach, FL 33414
Office: 561-793-5559 — Fax: 561-793-5311 — Toll Free: 800-526-5557
E-mail: richgant@innovativehealthcare-llc.com