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WASHINGTON'S PLAN TO END PRIVATE PRACTICE MEDICINE



Scott Gottlieb
Commissioner
Centers for Medicare and Medicaid Services

In fixing the busted system that Medicare uses to pay American doctors, Congress has settled on a scheme that visits so many complexities on physicians, that it will inevitably stoke the continued demise of private, independent medical practices.

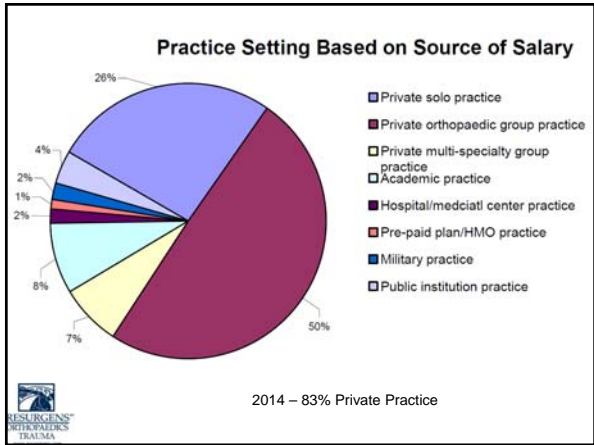
Many in Washington favor this outcome. Regulators at the Centers for Medicare and Medicaid Services have long preferred to deal with large entities and corporations that employ physicians, rather than try and enforce rules on a fragmented system of small, independent doctor offices.

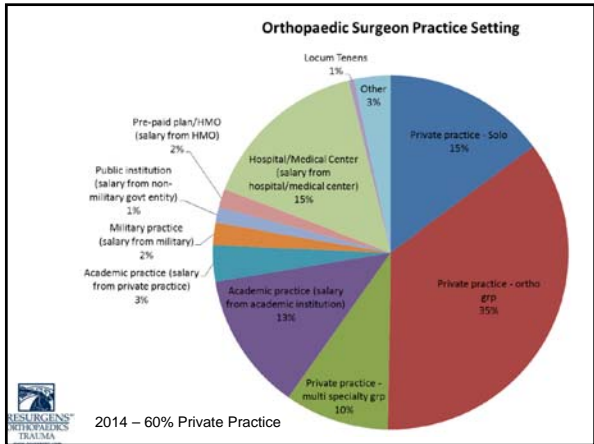
Meanwhile, the "experts" on Capitol Hill, who are working to engineer the perfect solution to the nation's healthcare system and its challenges around cost and quality, believe that large health systems modeled after Kaiser or the Geisinger Clinic are the optimal structuring. And that these models can be replicated nationwide.

For their part, the already big or near-big healthcare institutions, straining under declining reimbursement, see the leverage that comes with increasing their market share as a way to also improve operating margins and better control costs.

The result is a bipartisan package of "reforms" that visits so many new rules and complexities on doctors that individual physicians simply won't be able to participate. They'll face three choices. Refuse to see Medicare fee for service patients. Sell their practices and join a hospital or health system. Or ask their older patients to join Medicare





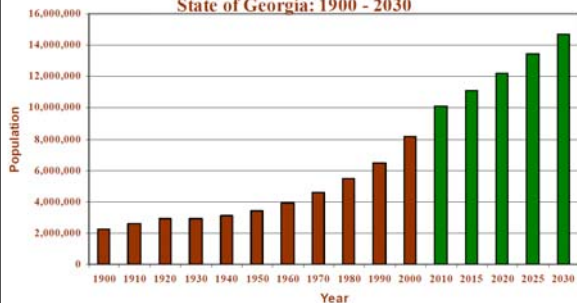


Not so Fast!

- Established physicians are not likely to sell.
- Physician population is aging:
 - 2006 – 35% > 55 yoa
 - 2016 – 42% > 55 yoa
- Larger groups are becoming bigger and more integrated.



Historic and Projected Population
State of Georgia: 1900 - 2030



Congressional Budget/Debt Limit Proposal Includes Site-Neutral Provisions

- Site-neutral provision that places a **moratorium on hospitals purchasing off-campus facilities**, such as ambulatory service centers (ASCs) and physician offices, and then charging the Medicare program and beneficiaries the higher hospital rates.
- The moratorium will apply to any outpatient department/physician practice acquired or established **after the enactment of the legislation**. Medicare payment adjustments will begin on January 1, 2017.
- Outpatient departments, ASCs, physician offices or other off-campus facilities that are currently operating will be exempted from the payment changes.
 - AAOS BOS Washington Update 11 November 2015



Threats

- MACRA
 - MIPS
 - APM
- EMR/MU
- Other requirements



Predictions!

- Consolidation into larger practices.
- Stabilization of hospital employment.