

Docs Bailing Out of Medicare, Medicaid

Plummeting Reimbursement Rates Have Some Doctors Looking for a Way Out

By AUDREY GRAYSON
ABC News Medical Unit

July 8, 2008—

For the past four years, Dr. Heather Tipsword has owned a family practice clinic that primarily treats Medicaid and Medicare patients in Oklahoma City. As many of her friends and family were looking forward to Fourth of July celebrations this past weekend, Tipsword was anxiously looking forward to another event altogether: Congress' meeting on the Monday after the holiday weekend to discuss some kind of fix to the scheduled 10.6 percent Medicare reimbursement cut.

To Tipsword, this round of Medicare reimbursement cuts, to become effective July 15, could make or break her family practice. (In many states, these cuts affect Medicaid too.)

"I have struggled to build up my practice, but my outlook gets worse each year," Tipsword said. "The current round of Medicare cuts -- which will cut my repayments, which are miniscule right now -- as well as increasing malpractice insurance coverage, despite an A+ rating, makes it less feasible for me to continue practice."

However, the meeting yielded no short-term fix for the problem, and by the end of the session it was clear that the 10.6 percent cut would likely go through anyway.

Now, Tipsword says she is working on an exit strategy from the program. At times, the bureaucratic demands of the job make her consider going even further.

"Due to all the daily headaches of practice -- referrals, endless duplicate paperwork to prove medical necessity, phone calls, documentation, etc. -- I would honestly love to get out of medicine altogether," she said.

Tipsword is not alone. The Houston Chronicle reported last week that more and more Texas doctors are opting out of Medicare due to growing cuts in reimbursement. And the trend is not limited to Texas doctors. Primary care doctors from around the country have told ABC News that they too are either opting out of treating Medicare patients, or are preparing to do so if Congress once again OKs slashing reimbursement rates.

"Unfortunately, there are physicians that I know of in the Columbus, Ohio, area that are opting out [of Medicare]," said Dr. Mimi Ghosh, a family practice physician at the Ohio State University Medical Center. "Most physicians I know have taken a pay cut every year for years... Reimbursements are just getting worse, and more physicians are retiring early, or going to other careers [like] pharmaceuticals [or] real estate."

"We find ourselves in a situation where our malpractice premiums went up July 1 to coincide with the Medicare cuts," noted Dr. Raymond L. Ebarb, a family physician in West Sayville, N.Y. "I totally understand the Texas physicians' decision to drop out of Medicare. I wish the decision were as easy for our practice."

"With the cost of running a medical practice only going up on a daily basis, and reimbursement taking a dive, how can doctors running a solo practice keep accepting a payer that only continues to cut its reimbursement?" said Dr. Gil Holland, a family physician in Chandler, Ariz. "This is problem is far reaching because as Medicare cuts its fee schedule, other insurance payers tend soon to follow suit. Many of my colleagues in Arizona are dropping Medicare."

What's Up, Doc? Not Reimbursement Rates

According to the American Medical Association (AMA), reimbursements that have been reduced every year for nearly a decade have slashed physician payment rates by about 40 percent. Meanwhile, the cost of practice rises annually. The AMA estimates that this year practice costs will increase by 20 percent.

And according to a 2007 AMA survey of 8,955 physicians in the United States, 60 percent of doctors said they plan to limit the number of new Medicare patients and 40 percent of doctors said they plan to limit the number of established Medicare patients that they treat if Medicare payment rates are cut by 10 percent in 2008.

And because the Senate failed to block the latest reduction, this year's Medicare cut of 10.6 percent has already taken effect -- and an overwhelming majority of physicians contacted by ABC News say this will force them to either give up on Medicare patients altogether or limit the number of new Medicare patients they can treat.

Dr. Michael Aaron, who has been in rural practice in Weatherford, Okla., for 22 years, said this latest round of reimbursement cuts could be the last straw for his practice.

"I have not made up my mind completely about opting out of Medicare, but if the cuts really go through, I may not have any choice," Aaron said. "We are operating on prices that have not changed since the 1980s."

Moreover, Aaron identified a deeper problem: With fewer doctors accepting Medicare patients, more and more elderly and vulnerable patients are left with fewer and fewer healthcare options.

"We are also having an access problem. If we need to refer someone to a specialist, a large number of those doctors are also opting out of Medicare," Aaron explained.

The degree to which a doctor is affected by Medicare reimbursement rates depends on the number of Medicare patients they see in their practice. For the typical family practice doctor, the number of Medicare patients they see is usually high enough for the latest round of reimbursement cuts to deal a huge blow to their practice.

But for family practice physicians whose patient base is made up almost entirely of Medicare patients, such as those in rural or poorer arrears, these doctors often have no choice but to watch their earnings grow smaller each year until they are forced out of practicing altogether.

"I anticipate that Medicare patients will see a work slowdown -- delayed access to routine and planned care or consultation -- access problems with fewer providers, and downright strikes among physicians, especially subspecialists," said Dr. Michael Pontious, program director of Oklahoma University's Enid Family Medicine Residency in Enid, Okla.

Frustration Mounting for Physicians

According to Dr. Scott Nelson, a family practice physician in Cleveland, Miss., the reimbursement cuts have hit doctors in his state very hard.

"There is an unprecedented level of frustration with the government and Medicare in Mississippi," Nelson explained. "I have not heard of any doctors in my area opting out of Medicare, because there are not enough patients with private insurance in the rural Mississippi Delta... we have no choice but to see them, and we are literally at the mercy of the government. I foresee some small practices closing altogether."

For states that are made up of larger numbers of Medicare patients, this latest round of cuts hits particularly hard. Florida, for instance, stands to lose \$1.25 billion for physician payments by January 2009.

Dr. Ernest Yoder, vice president of academic affairs at St. John Health System in Warren, Mich., said that doctors who are particularly harmed by these cuts are even forced into over-scheduling themselves just to make enough money to make ends meet.

"In states with higher ratios of Medicare patients and lower physician-to-patient ratios, like rural Oklahoma, there is a crisis looming," Pontious said.

"In my 20 years as a rural medical educator, I have never been more despondent," he added. "The ethics of training residents to go to rural communities in northwest Oklahoma weighs heavy on my soul. Not sure I can do it much longer, but I suppose our worship of the law of supply and demand will fix this with the stroke of a pen... [or] not."

Copyright © 2008 ABC News Internet Ventures