

Editorial:

Banking on Reform, or Opting Out?

Lawrence R. Huntoon, M.D., Ph.D.

Every year it's the same dance: Medicare threatens drastic cuts in physician fees, and the AMA spends huge sums of money on ads that warn of severe patient access problems if the cuts go into effect.

Doctors show up in white coats in Washington to lobby for more adequate fees, and Congress shrugs off threats that physicians will drop out of the Medicare program, en masse, and at the last minute tosses physicians a small bone to quell the noise.

CMS points to the high physician participation rate in the Medicare program, despite poor pay and increasing bureaucratic hassles, as clear evidence that physicians are willing to absorb significant decreases in pay and increasing abuse, with no impact on access to care.

Physicians have endured one cost-containment scam after another—the Resource-Based Relative Value Scale (RBRVS), the Correct Coding Initiative, adjustments to the practice expense component of relative value units (RVUs). Despite this experience, some physicians have yet to learn the lesson that cost containment, not quality, underlies all of these Medicare initiatives. Pay for performance (P4P) is merely the latest in a long string of cost-containment scams. How unfortunate that some have been duped into trading full collaboration with the P4P scam in the hope that the flawed Medicare sustained growth rate (SGR) formula will be scrapped.

As the financial foundation of Medicare begins to crack under an ever-increasing burden, which will worsen when baby boomers begin to retire in 2011, politicians continue to talk about “reforming,” “fixing,” and “protecting” Medicare. But, how can anyone reform or fix a fraudulent financing scheme? And why should anyone act to protect a fraud? Irrespective of good intentions, the economic reality is that Medicare is nothing more than a giant Ponzi (pyramid) scheme. Wealth is simply transferred from current workers to retired workers. As the ratio of current workers to retired workers declines, as it will when baby boomers retire, the Ponzi scheme will inevitably collapse.

Moreover, because virtually all private insurers link their payment rates to Medicare rates, it is said that “when Medicare sneezes, the nation’s physicians catch a cold.”

Facing a cumulative cut in fees of approximately 40 percent over the next 9 years, physicians who have become addicted to Medicare money wrestle with the decision. Should they bank on the impossible—Medicare reform—or should they opt out of the program? For those who are banking on “reform,” the reality will be that their government supplier will provide less and less of their drug of choice, until one day, when the dose is insufficient to meet their needs, the addicts will face the pain of acute withdrawal.

Opting out of Medicare is not only a financially viable alternative, but an ethical one. Opted-out physicians are free to serve their patients without all the rationing, obstruction, and bureaucratic meddling that is an inevitable part of the Medicare program. And, as the government ramps up its “fraud-and-abuse”

enforcement in a desperate attempt to bolster the failing program, opted-out physicians will not be at risk for ruinous fines and prison time for inadvertent coding discrepancies. Physicians who are intent on continuing to feed their addiction to government money need to ask themselves: is it worth the risk of going to prison?

Opting out of Medicare is easy. The step-by-step procedure is posted on the AAPS website—www.aapsonline.org. Simply point your browser to the site, look under “Issues,” and click on “Opting Out of Medicare.” Under “How to Opt Out of Medicare” you can download the affidavit that you will need to file with your Medicare carrier, and a sample private contract for use with Medicare patients. Simply fill in the blanks, and you are ready to go.

The procedure for opting out is slightly different for participating and non-participating physicians. The AAPS website covers the procedures for both. Participating physicians are those who have signed a contract with Medicare, agreeing to accept assignment on all Medicare patients. Participating physicians agree to accept the Medicare payment, as payment in full, and cannot balance bill their Medicare patients.

Non-participating physicians are those who have not signed a Medicare Participating Agreement, and who can balance bill their Medicare patients. Non-participating physicians, however, are limited in how much they can balance bill by federal and state laws. In some states, the total amount that a non-participating physician can collect for caring for a Medicare patient may be less than a participating physician can receive for the same service. Opted-out physicians have no government restrictions on the fees they can charge.

For those who contemplate freeing themselves from their addiction to government money, and going one step further toward third-party-free practice, AAPS offers a wealth of resources to ease the transition. Simply click on “How to Start a Third-Party-Free Practice” on the left side of the AAPS website. There you will find a sample clinic manual, links to articles on third-party-free practice that have been published in our journal, presentations from AAPS meetings, and a special section that will allow a physician to assess practice overhead and the impact of becoming third party free. You will also find a list of third-party-free physicians, representing different specialties, who have volunteered to serve as mentors and answer questions about this form of practice.

The transition to third-party-free practice, of course, need not be “cold turkey.” Many physicians have opted for a gradual approach, first eliminating the most abusive and costly HMOs, so as to minimize third-party interference while easing the anxiety associated with breaking the bonds of addiction to third-party money.

Either way, the improved quality of practice and increased satisfaction, for both patients and the physician, are well worth the effort.

Lawrence R. Huntoon, M.D., Ph.D., is a practicing neurologist, a third-party-free physician, and editor-in-chief of the *Journal of American Physicians and Surgeons*. Contact: editor@japands.org.