

# A Physician Overcomes His Addiction to Third-Party Money

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## In the Beginning

I graduated from medical school in 1991 and completed my family practice residency in 1994. The initial part of my career and lifelong dream had come true. I was now a fully licensed physician! It was time to start practicing. Unfortunately, school does not teach the business or politics of medicine.

I joined a small two-doctor practice as an employee. I worked in two offices, one in a suburban middle-class community. The other was a lower income, essentially private clinic taking care of patients on public assistance. The two offices could not have been more different, both in location and socioeconomic diversity.

I enjoyed working and improving my skills at each office location, and I learned a lot in those 4 years. I also learned that my style and strengths were best practiced solo.

## Solo Practice 1998–2007

In 1998, when I decided to go into solo practice, elements of HillaryCare had been inserted into the Health Insurance Portability and Accountability Act (HIPAA). This was the first time since I graduated from medical school that physicians' response to "healthcare reform" was to sell their practices to hospitals, seeking the security of a salaried position. They were not only fearful of government-controlled healthcare, but also of the growth of third-party mismanagement.

So while doctors were becoming employees, some colleagues told me I was crazy to start my own private practice. A few years later I had established myself in my community, and the physicians who questioned my decision to go solo were scrambling to get their practices back.

But even with our own practices, we were still not independent. We were addicted to the money from third-party insurers who controlled the healthcare dollar. Addictions are really about power and control. For many physicians, the time was not ripe back then to break the addiction.

Having my own practice was fun and rewarding. I enjoyed being on my own, being the "master of my domain." However, when I look back on those years, I can see I was gauging my success on how many patients I could see in a day, or how many "covered lives" were on my HMO panel each month. The term "covered lives," developed by the HMO industry, lowered the status of patients to that of cattle and HMO physicians to that of herder.

So was I really living my dream? Or was I an unsuspecting lemming just following the crowd into the abyss of third-party dependency? I, like most physicians, did not like working for third

parties. But I still did not, could not, see a way out without going through a painful withdrawal.

Each year I was seeing more patients, but by year seven, revenues were stagnant. I was working longer and harder. My irritation level was rising, while my take-home pay was falling. But what could I do? I was not going to sell out and become a mercenary physician. So I just kept working harder. My head was not in the sand, but I did not yet have a different viable direction to pursue.

## Reviewing My Options

Early in 2007 I was approached with a few opportunities.

I became active in my Independent Practice Association (IPA) and actually was elected president, only to see the writing on the wall and disband it. Not even the IPA was strong enough to overcome third-party control of medicine.

I came very close to joining a large physician practice that could better negotiate with all the third parties. It sounded promising, but in the end I realized that my boss in that system would be the practice managers and chief executive officers of the corporation instead of my patients. The third parties were still in control; in this scenario I just had a different dealer. I would have traded one bad situation for another.

The owner of a concierge practice system approached me, and I was impressed. Doctors in this system are truly doctors again, patient-focused and not rushed. But I saw two problems: I felt that I would still be working for a boss other than my patients. Also, I felt the annual price tag for my patients was too high, and would exclude more than 90 percent of my practice. This was too risky for me at that time. Jumping out of the third-party system without a parachute that would come close to guaranteeing a soft landing was not a risk I felt I could take.

So I had a conundrum to solve. I liked being a doctor, but did not like the direction in which the third-party healthcare system was dragging me. I was addicted to the third-party system and did not see this improving in the future. Politicians were not going to be of any help, nor were most of our physician societies because—with notable exceptions such as AAPS—they had sold out to the third-party system long ago.

So I returned to my practice every day, worked hard, and tried to churn the mill as much as possible to keep my practice going. I was never in danger of losing my practice, but it was not the dream I had envisioned when I graduated from medical school. Instead I felt as if I was a willing participant in an evolving nightmare and I could not snap my fingers and wake up. I worked

in fear of an insurer unilaterally terminating my contract, with the subsequent loss of hundreds of patients.

### **Confronting My Addiction to Third-Party Money**

I was ashamed of myself. I was better than this. How did I get myself into this situation? It took years of sacrifice, study, and hard work to become a physician. What did I have to show for it? I was getting bossed around by non-medical people all the time at work. To many of my patients, I was worth no more than the small co-pay amount listed on some little laminated card in their wallets. My revenues were stagnant, but my third-party expenses were rising. Third parties were wearing me down. I did not know how much longer I would remain viable as an independent physician.

### **A New Beginning**

I developed a new outlook and a new practice based on the principle that the patient comes first. I opened the Institute for Medical Wellness in January 2008.

I sent termination letters to all insurers, other than Medicare, in early fall 2007. That day was both frightening and invigorating. I closely reviewed all my third-party contracts and made certain that I was in compliance with what was needed to break free.

In 2008 I remained with traditional Medicare, as Medicare was relatively easier to deal with and in my area was an average payer. All I needed to do was send in a claim, and I got paid within a few weeks. No pre-certifications, pre-authorizations, formularies, or Meaningful Use back then. My goal in 2008 was to remove as many third-party intrusions into my practice as possible, with the possibility of opting out of Medicare in the future.

I developed a direct-pay system in which patients would pay a small yearly membership fee, along with reduced rates for all office visits and procedures. My strong followers embraced it, and others did not. Some patients felt “double dinged” by having a yearly fee coupled with a co-pay. They perceived that I was charging them twice, and more than their regular insurance co-pay. So I did what most good physicians do. I listened to my patients’ complaints. I took a review of systems and updated the recent history of my practice in terms of patient satisfaction. As sole owner and physician, I decided to alter course slightly. Being in a solo practice has its benefits and its pitfalls. Being able to make a decision and implement it immediately without going through an elaborate bureaucratic process is definitely one of the benefits.

I switched in 2009 to giving my patients three options.

1. A yearly low-priced retainer with no co-pays: This prevented the “double dinging” perception of fees that was not being well accepted. I priced my retainer at about one-third the cost of a typical concierge practice retainer fee, knowing that if successful I could always increase it later.
2. Full payment at time of service for each visit: Many patients were not yet comfortable with a retainer option but wanted to remain under my care. I set my fees where I felt they should be,

not necessarily where third parties priced them. Patients would pay at the time of service and be given a receipt to submit to their insurance for possible reimbursement. This is how reimbursement is supposed to work. I get *paid* at time of service and the patients get *reimbursed* by their insurer. Many physicians have, unfortunately, adopted the adulterated language of third parties, which mislabels a fee as “reimbursement.” I am considered an out-of-network physician for reimbursement purposes.

3. Traditional Medicare: In 2009 I was still a Medicare participating physician. Medicare was only about 20 percent of revenues, but interestingly about 25 percent of patient visits. My goal from 2009 was to build the retainer side of my practice and at some future point opt out of Medicare.

### **Early Experience**

The Institute for Medical Wellness grew by about 10 percent to 15 percent yearly. Back in 2007, at the height of my third-party addiction, I was seeing about 30 patients per day. In 2012, I was seeing half as many, yet revenues in 2012 were the same as 2007. I can now spend more time with each patient. I can truly devote more time to wellness and prevention and not just sick visits. My patients started referring friends and family to my new and innovative wellness center.

### **Opting Out of Medicare**

In July 2012 I officially opted out of Medicare. Medicare had changed from 2007, and not for the better. “Meaningful Use” and all of its onerous requirements and potential fines made the decision to opt out easy. Interestingly, about 60 percent of my Medicare population remained with me, as either self-pay, retainer, or low-priced retainer option for those on a fixed income. Now that I no longer had to deal with complex Medicare rules and regulations, I was able to give my low-income Medicare patients a break without breaking the law!

### **The Joy of Third-Party-Free Care**

Emerging from a third-party nightmare, I built my dream practice. I now sleep well every night and wake up happy to go to the office. I built my practice from the ground up using my vision of what a family practice should be. Every patient in my practice wants to be there. Patients could save money and go to an in-network insurance doctor. Instead they choose to have me be their doctor because they value what I give them. No longer do I have patients who were referred by their insurance card. My patients truly want my medical and health advice.

Physicians must open their eyes and take back control of our profession from the third parties and government, so our patients can get the truly personal care they deserve!

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