

“A Tale of Two Docs”

A recent front-page story in *The Wall Street Journal* by staff reporter Mark Maremont, tells a poignant story of brothers-in-law, both health care professionals. One of them lives in suburban Philadelphia and the other in Pittsburgh. One doctor drives a Mercedes and has a 4000 square foot house with a pool. He works four days a week and reports income of \$500,000 annually. The other doctor drives a Chevrolet, works between 55 and 80 hours each week and has an annual income of \$180,000 that has been declining for the past several years. In the former's office patients are offered a cappuccino. In the other office the quarters are cramped and the desks are strewn with charts awaiting dictation. How can these two Pennsylvania practitioners lead such different lives? The answer quite simply is that the first one is a dentist and the other a family practitioner.

Mr. Maremont goes on to outline in precise terms why this is so, when people born in the 1960's and later have fewer cavities due to fluoridation of municipal water supplies. Cavities after all, are the disease that dentists most commonly treat. Since 1988 dentists' incomes more than doubled while the average physician's income grew by 42%. During the same period the rate of inflation was 46%. This reporter goes on to note that the average dentist works 40 hours each week according to the ADA. The AMA reports that physicians work 50 to 55 hours each week on average. It is important to note that 44% of all dental care is paid by patients out of their own pockets but only 10% of physician and clinical costs are out of pocket expense. These are federal government statistics.

In an interesting anecdote *The Journal* story tells the tale of a California dentist who ruptured his Achilles tendon and underwent a one-hour reconstruction under general anesthesia. The insurer paid the orthopedic surgeon so little for this procedure that the patient offered to pay more out of his own pocket. The dentist noted that “I get about \$3000 for a three unit bridge.” Mark Maremont concludes that the reason for the divergent careers of the two Pennsylvania doctors is because “dentists have avoided being flattened by the managed-care steamroller.”

The story doesn't end there. Dentists used to worry about insurance plans and how a lack of dental insurance would limit the growth of their practices. The failure of dental insurance plans now appears “heaven-sent.” The family practitioner began to sign managed-care contracts in the mid-1990's to gain access to more patients. As we know more patients generate more work and now at “cut-rate fees demanded by insurers.” The result was inevitable and is being repeated daily in Maricopa County and across the country. What the *Wall Street Journal* doesn't report is the myriad of other constraints placed upon physicians from which our dental colleagues are exempt. Once the “steam roller” got rolling the insurance companies were in the driver's seat and the federal government in the mid 90's during the Clinton administration was a willing accomplice.

Where the dental profession embraced technology and was able to pass the cost on to their customers the medical profession is slow to adopt changes in practice management and information systems. We could not absorb those luxuries due to the reduction in reimbursement and ever increasing fixed overhead costs (liability insurance being a

prime example). The lack of sophistication in managing our own businesses left the insurance companies “holding all the cards.” Most physicians had (and still do not have) basic financial knowledge of their own practices to know what their “cost” to see a patient is. Without that basic business information however, contracts were signed that provided no profit margin (and the basic tenet of any business model is to make a profit as I understand it).

The insurance companies have at their disposal vast catalogs of information. Much of that data is gleaned from the federal government through the Medicare program. This knowledge is freely shared within the insurance industry yet physicians remain “in the dark” unable to share vital information that would affect business decisions. I recently sat in a meeting with a major insurance entity in which I was informed that a particular group of providers received a substantial premium from their company for services over what this insurer knew their competitors were paying for the same providers. Why are we denied the same knowledge?

Where in your medical school curriculum was contract law taught? Did the National Boards or FLEX exam include acuity in financial analysis? Why then are physicians committing their signatures to managed care contracts crafted by experts in the field? Most of us operate with outmoded computer systems and a flawed database when we manage our own practices. We're “too busy” caring for others to care for our own financial health. We have mastered the art of shifting the blame for our diminishing financial well-being to the payers whose contracts we signed. Our hand was not forced, we willingly complied with what we perceived would be the preservation and the growth of our practices. Instead we are undoing whatever fabric of free enterprise still holds the private practice of medicine together.

Many years ago one of my predecessors urged physicians to “just say NO” to managed care's intrusion. Today I urge you to continue to resist the offers of “less for more.” Take whatever time and invest whatever assets are necessary to understand the business of medicine, the economy of your practice, to have more information than those who would lead you into “contracting.” Saying no is no longer enough. We need to protect our property, our skills, as they are our most valuable assets. If a perfect smile is worth \$10,000 where do we place the value of good health?

See you next month,

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President