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Doctor is Out: Diminishing Access to Physician Care

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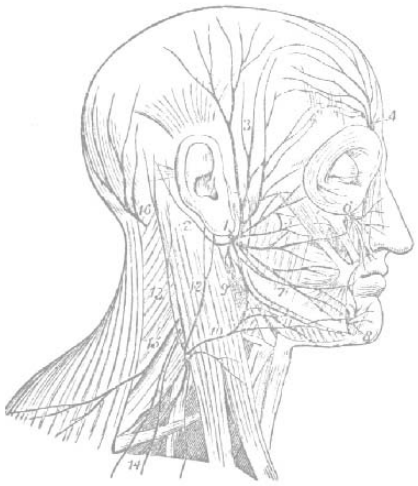
THE DOCTOR IS OUT:

Diminishing Access To Physician Care

An Interview with Doug Walta, M.D.
by Craig Wollner



Doug Walta is a Portland area gastroenterologist, a pioneer in fiber optics diagnostic techniques, and the president of the Oregon Clinic, one of the state's largest physician owned organizations. Recently, Metroscape asked Dr. Walta about a health care delivery crisis facing the region: how to get and keep physicians. His remarks have been edited for length.

Q: *Can you describe the recent history of health care costs and the effect of government payments on the delivery of health care in the state and region?*

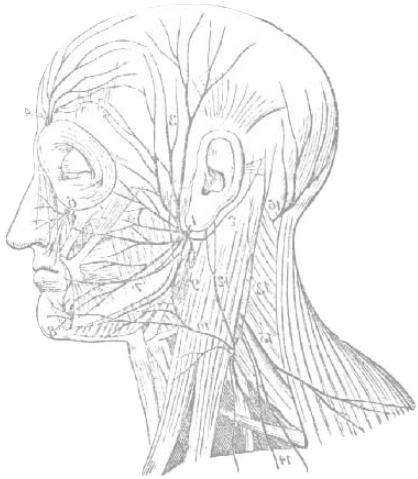
A: We in Oregon have been punished over the last 10 years because of our nationally respected efficiency in patient care and our sensitivity and awareness of health care cost. This effect is the result of the Adjusted Average Per Capita Cost (AAPCC) rule, which pays hospitals and physicians less if they spend less, freeing up funds for hospitals and physicians who spend more and thus need more. This reversed reward for effort and efficiency has been especially damaging to the survival of the Oregon Health Plan, HMO's, hospitals, and physicians. Although Congress has recently set an AAPCC floor of $525 in metropolitan areas, Portland remains at the floor. We have lived with this diminished payment for 15 years, and the toll has been significant.

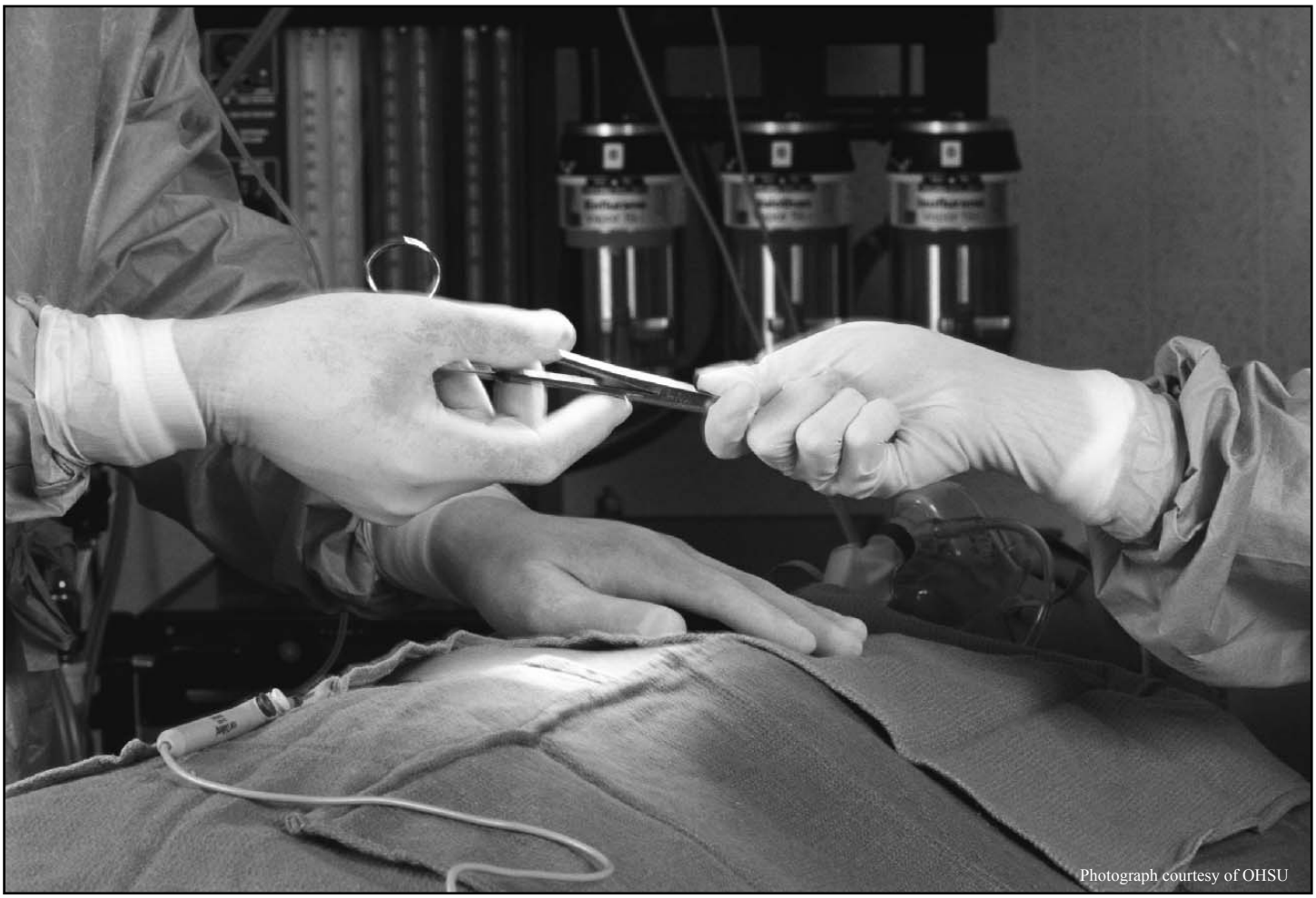
The Resource Based Relative Value System (RBRVS) of payments to physicians also has radically reduced the reimbursement for specialists over the last three years, with reductions continuing into the years 2002. Although this system is fair, it ultimately will significantly decrease the region's ability to recruit new physicians to commit to becoming specialty physicians. This is especially true in the internal medicine subspecialty areas. The availability nationally has decreased because young physicians are unwilling to extend training by three-to-six years without commensurate compensation.

In short, government regulations are increasing, in turn requiring increased expenses without sufficient funding allocations to offset those costs. Examples are the Health Insurance Portability and Accountability Act (HIPPA) and OSHA documentation requirements. There are no increases in government payments to offset these costs of doing business. This becomes an issue when payments for physicians – small businessmen trying to control fixed costs – are inadequate to offset those costs. Physicians' costs for doing business have increased while compensation has remained level or been reduced; physicians' payroll in Multnomah County was flat 1995-1997, and then actually declined in 1998. These various financial demands make recruitment for new physicians less likely if the compensation packages are not nationally competitive.

Keep in mind that Oregon's Length of Stay for hospitalization services is the lowest in the nation! Medicare data reveal 1,000 days/1,000 Medicare population in Portland vs. 2,000/1,000 nationally and 1,200/1,000 in the rest of Oregon. We are now and always have been efficient with our health care delivery of services in Oregon, especially compared to the national averages. As a reward for our efficiency based on the AAPCC payments, the Government financially punished all of

Doug Walta





us in Oregon, both patients and providers. In Florida and New York, the Federal Medicare payments can even cover the cost of pharmaceuticals because the government payments are so large. In Oregon, that payment has not adequately covered the costs incurred simply to provide basic care. Yet, all states pay the same taxes to the Federal Government. This reverse reward for good utilization is extremely harmful when competition for physicians nationally is so intense.

Q: *So it will be harder to recruit doctors to the Portland region and the State?*

A: Oregon is one of the most managed care states in the country. Oregon's mix of payers and thus payment to physicians has resulted in a reduced overall income for physicians compared to the rest of the country. Those regions countrywide where managed care is prevalent have experienced decreased overall payments to physicians. This is because PPOs and HMOs pay physicians less than indemnity payments. These increased payments by indemnity companies offset the reduced rates paid by managed care companies. HMOs in other states may pay similar or lower rates, but because it is such a small part of their overall insurance case mix, the payment for managed care does not have the same impact on physician incomes as in Oregon. The more care is managed, the greater the physician effort, the less overall remuneration to providers.

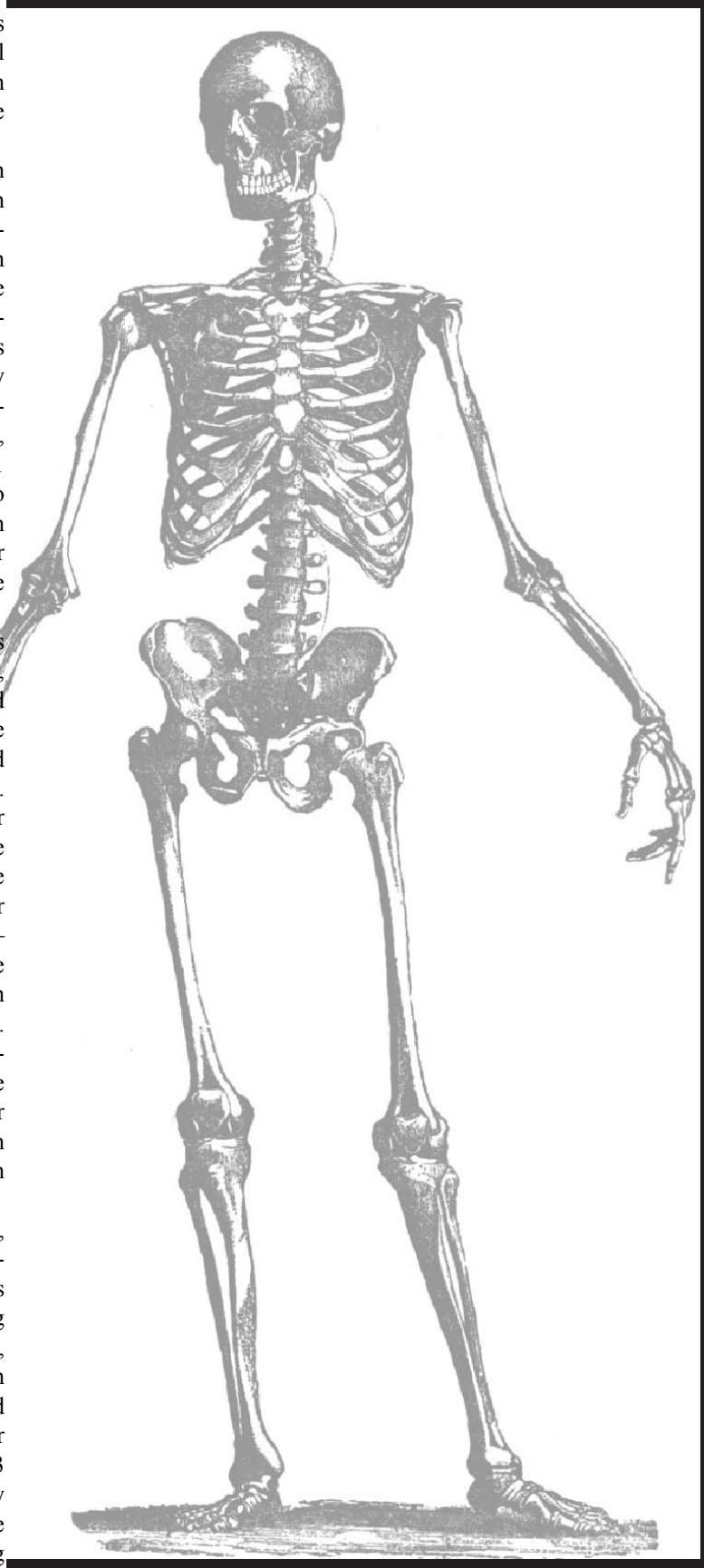
The Cost of living in Portland is 110-112.5 percent of the national average for U.S. cities. It is expensive to live here, do business here, and employ here. New physicians being recruited often are surprised to discover this at the same time they are entertaining the disappointing salary offer. It is little wonder there are problems in recruiting. In addition, Oregon's commitment to public schools and other public services is increasingly suspect,

making this area even less appealing. All this reflects on the ability to recruit physicians. Those successful recruits to Oregon want to live here, have lived here in the past, or have family here. Those factors offset the negative incomes they will receive by living here.

Payments and incomes to physicians residing in Portland are lower even than the rest of the State, which in turn is lower than the rest of the country. This is partially because of payer mix, which I've discussed. In addition, where physicians are less organized, they are paid less. Nationally, there has been a 20 percent reduction in actual payments to various specialty physicians over the last 10 years. This is federally determined by the RBRVS system of Medicare payments to physicians. According to *The Business Journal* (January 12, 2001), SW Washington Medical Center has put up $1 million to recruit doctors. Mullican took one year to replace a departing physician. A study by American Medical Consulting for SW Washington Medical Center stated that they needed 68 new doctors in order to serve the population adequately.

Bankruptcy or dissolution of physician groups has occurred with Portland Orthopedics, MedPartners, Phycor, The Medford Clinic, and PPI (PPI formed when Suburban merged with Metropolitan to become HealthFirst, which then merged with the Corvallis and Medford Clinic; all subsequently became insolvent). This was not a fluke or unique to this area. Many other physician groups are struggling. Because of these financial difficulties, all remaining physician groups are failing to recruit new physician colleagues. It is not for lack of patients. For primary care groups, captitation – the process that makes physicians accountable for the cost of utilization and services – is still present in Oregon and requires a huge, costly infrastructure. Rarely can primary care organizations afford such overhead requirements. Many doctors choose to leave rather than to incur these costs, resulting in a greater difficulty in getting appointments for primary care in the Portland region. There is no easy resolution in sight.

Physician overhead, the Consumer Price Index (CPI), and inflation are up 14.82 percent in 10 years in metropolitan Portland. The overall increased overhead has risen radically. Consider the cost of hiring and retaining employees, which has risen 23.46 percent in five years, as well as the cost of rent, computers and information systems, and so on. At the same time that overhead costs have risen, physician payment has remained flat or declined. Although The Oregon Clinic's overhead is 23 percent lower than the MGMA 1998 levels, efficiency can only achieve so much without damage. Just like most businesses, we are having trouble retaining employees because of salary limits and opportunities for the employees to get better paying jobs elsewhere.



Q: *How serious is the problem of physician flight from the region?*

A: When colleagues at national conventions find out we are from Portland, they tell us they regard Portland as "physician unfriendly." Although this is hearsay, we all hear it. Doctors are leaving Oregon, from established physicians to newly trained young physicians. This "poaching" or brain drain of our physicians reflects national demand for physicians in better paying regions of the country where better offers, less work, more pay, and fewer hassles exist. The Oregon Board of Medical examiners reports 4 percent fewer applications for medial licenses in 1999 while our population is increasing. That decline in new physician applications is especially significant when you consider increased physician retirements. We have personally experienced this outflow within our own clinic.

While national competition for physicians is becoming intense, the average physician salary in Portland is 25 percent lower than the national average salary. The number of medical school graduates per year has not changed over the last decade. The population of the United States has increased substantially. Oregon competes for those new doctors. This makes it difficult to recruit, especially with intense national competition for top quality physicians. The cannibalization of our community in Oregon for physicians is increasing and enticing.

Q: *So what is the impact on the patients seeking treatment, both in the Metroscape and in the State?*

A: Reflecting increased demand for access to physicians, the new patient appointment times have logarithmically increased over the last six months. In several specialties in The Oregon Clinic, we have seen appointment waits from time of request to time of visit extend from two weeks at the beginning of 2000 to greater than two months on average. Some physicians are out three months. The Oregon Health Forum reports multiple complaints concerning physician access in the Portland area, and Salem has a serious shortage of physicians according to Oregon Medical Association. Southern Oregon is in a similar strait, with appointments out six months in some specialties. We see no relief in sight. When patients are concerned with the potential of having cancer, postponing an appointment for two, three, even six months not only constitutes poor service and insensitivity to the patient's concerns, but poor quality as well. Only the recruitment of additional physicians will stem this tide. This is not easy within Oregon.

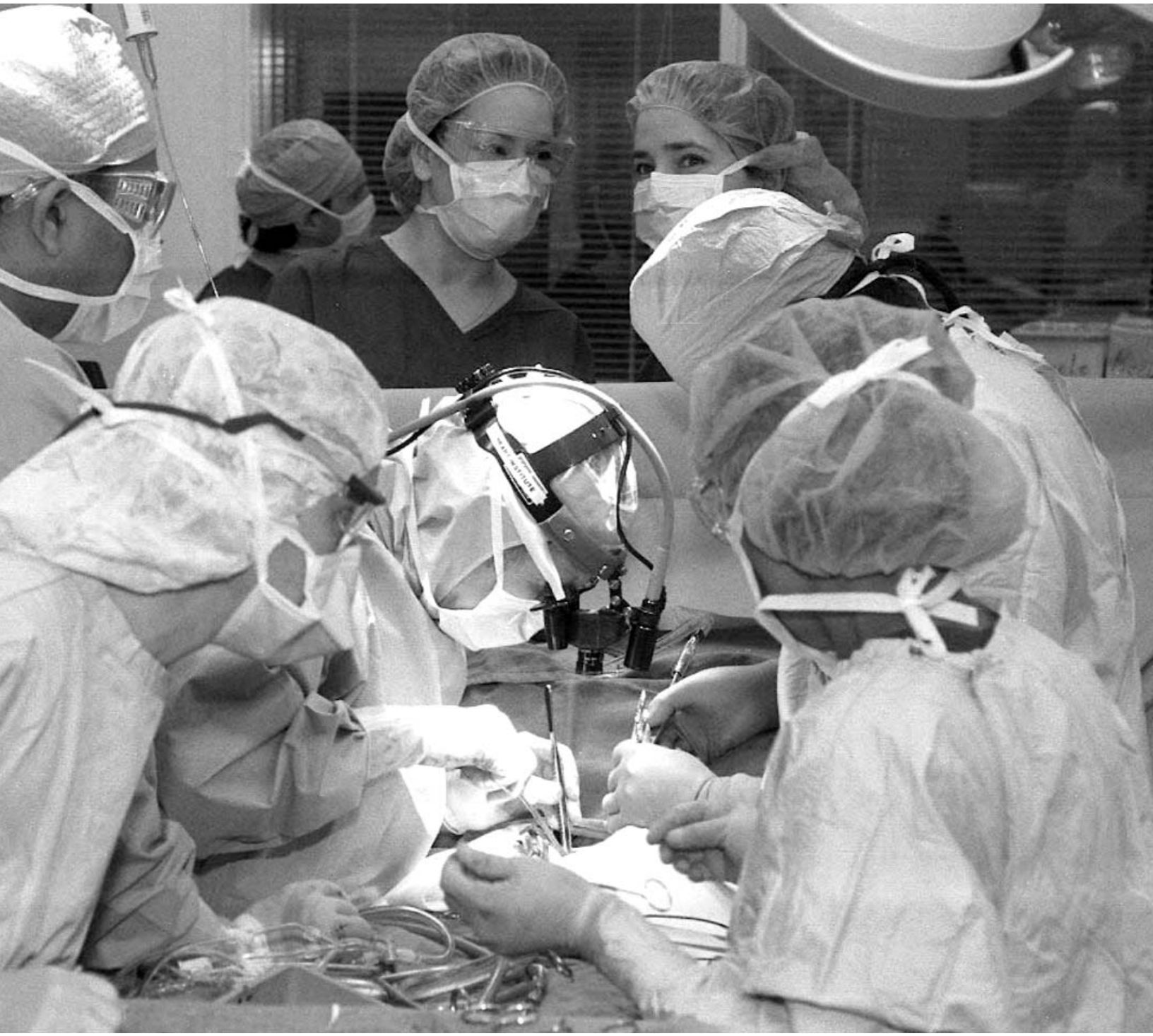
Q: *In light of these conditions, how is physician morale holding up?*

A: While the above access problems are occurring, the Physician Satisfaction surveys in Portland are terrifying. Compared to only five years ago, recent polls reveal that primary care doctors are 62 percent less satisfied, medical specialists are 62 percent less satisfied, surgical specialists are 69 percent less satisfied, and Portland physicians overall are 60 percent less satisfied.

Predictions in these specialties for the coming five years are 54 percent, 56 percent, and 60 percent less satisfied, respectively. One can imagine a terrible impact on health care if these dissatisfied physicians do decide to leave or retire from practice.

Q: *Are retirements a problem?*

A: As society is aging, the physician population is aging as well. The consequences are huge: 30 percent of the 700,000 physicians nationally are 55 or older. Many are opting for early retirement. The Bull market may have accelerated this retirement option. In another study, half the physicians over 50 will retire in the next three years, and 38 percent of all physicians are over 50 (AMA). That means 140,000 physicians will soon leave the practice of medicine: 54 percent of physicians will retire completely, 16 percent will cut back, and 12 percent will do locums. In addition, it is this group of physicians over 50 who are considered to be at the peak of



knowledge, productivity, and dedication to hard work. Of those physicians leaving, less than one third have made plans to replace themselves when they leave. Only 20 percent have a succession plan for their patients. When asked why they were leaving medicine, 89 percent said that managed care had something to do with it, and 17 percent cited this reason as the single most significant factor in their desire to leave.

This is especially scary considering that Oregon has one of the highest managed care penetrations in the country. Oregon may have a greater risk of losing its physicians because of managed care combined with the fact that they are paid less and work longer hours to gain comparable compensation as their national counterparts.

Imagine the impact on physician availability if this projection comes to pass. All of this is occur-

ring at a time when Oregon cannot compete nationally for the limited available physicians. Local data from the OMA reports that physicians who recently fully retired are much younger than retirees 10 years ago.

Q: *What does this really mean here for physician efficiency and availability?*

A: There were predictions of a glut of 160,000 physicians, mostly specialists, from COGME (the Council on Graduate Medical Education), the Pew Health Commission, and the National Academy of Science Institute of Medicine. On that basis, Congress cut training and COGME encouraged a 50 percent reduction in training programs from 1994 to the present. The results have been disastrous. We now have a shortage of manpower and the recovery will take four to five years minimum. According to the Oregon Health Forum, there are multiple complaints of problems of physician access in the Portland area, and Salem has a serious shortage. Southern Oregon is in a similar strait, with appointments out six months in some specialties. With reduced slots in specialties to train more primary care physicians, and with all these aging baby boomers who require specialty care, we see no relief in sight. So we are now seeing a specialty and primary crisis in Oregon.

I have been told Oregon physicians are 75 percent more productive than the national average and 25 percent less rewarded financially for that effort. Since there is only so much time in the day, one can only get so efficient at providing care. We see new outpatient loads increasing from 300/month to 400/month. This trend is pushing the safety limit. Unrealistically excessive workloads lead to more frequent errors, less time to see the patient in person, less communication, and more frustration for both doctor and patient. Professional burn out is a real possibility under these conditions.

Q: *What, then, do you see in the future of health care in the metroscape and the rest of the State?*

A: In terms of access and quality, it's in trouble if all of the above data are even half-correct. I think there is a major crisis coming. It affects not just the provider and the medical community, but the community of Portland and Oregon. If the access difficulties escalate, we will all collectively be detrimentally affected. If we cannot hire or recruit the best and the brightest as has been the tradition in Oregon, the competitiveness of local businesses will suffer, as will the security of life and limb for its citizens. This is not limited to Oregon; it actually extrapolates nationally. The attractiveness of medicine is dimming. The cost of education, the debt assumed, the time investment of as much as ten years after finishing college before you can even start a practice, the ramifications of call and demand on personal time-all are affecting the ability to recruit. As we evolve toward a second class medical care system, hospital services and research and development of new technology also will suffer.

Q: *What steps are being taken to address the problems?*

A: No one wants to recognize this as an issue. The reason is the limited amount of dollars in the health care delivery system. If the hospitals acknowledge the problem, they will have to share more of their revenue with the providers, leading to less corporate profit. If the insurance industry acknowledges the problem, they will have to reduce their profits to offset the problem. If the employers acknowledge the problem, they will have to agree to the increased premium, and thus, diminish their personal or corporate profits. If the government acknowledges the problem, they will have to allocate more resources away from other infrastructure needs such as roads, schools, law enforcement, or special interests. If the populace acknowledges the problem, they will have to either pay more taxes or out of pocket money. No one wants to acknowledge this problem because no one wants to pay for it. No matter how serious the concern, no one wants to hear.

Q: *What does this mean for the less fortunate, the Medicaid population, the working poor, and others with limited resources?*

A: Over the last 10 years, with the strongest economy ever and the largest budget surplus ever recorded, the number of uninsured Americans rose from 33 to 43 million. Society doesn't want to face this issue, because it will only cost money if we acknowledge that we have a serious problem to solve. What will happen to this less fortunate population given the down turn in the economy? There are no special interests advocating for them. With a physician/provider under-supply, it is hard to imagine how they will have any leverage or political clout to access the healthcare system. M