TITLE: **Spine Surgeons Staying in Private Practice VS Becoming Hospital Employees**

Practicing Spine Surgery for 16 years

The present movement of physician practices from individual autonomy to employment by large hospitals and universities represents a fundamental reordering of the organizational structure of medical practice in this country. An event of potential seismic proportion in terms of its outcome, it has largely gone unnoticed by the public but it remains of daily topical interest to all physicians. It represents a change of control from individual and group physician management to corporate management, ideals, ideas, urgencies, strategies, and vision. It is a potential change of the mission, vision, and values from that perceived by medical professionals to those dictated by corporate imperatives which are not the same as those seen through the doctor’s lenses. It also represents an important shift in the provision of manpower from a medical professional point of view. There has already been data to indicate that there is a reduction in weekly hours worked by doctors who move to these employed practices. So far, this is equivalent to approximately a 62000 deficit of physicians in this country giving rise to potential shortage in specialists in key critical areas.

The key underlying driver of this change is an unfair and uncompetitive playing field. Institutions like hospitals and universities receive two to three times the professional fees of individual and group physicians, with absolutely no difference in the work performed. Yet the expenses a physician incurs regardless of whether he is independent or employed is the same. Salaries and benefits for employees (health, vision, dental, 401k contributions, etc.), office lease space costs, malpractice and other liability insurance are all the same. So to start with, the field on which everyone plays is unleveled. The numerical indicator of fiscal health (revenue minus expense) shows independent physician practices to be at a high disadvantage to start with.

The inability of independent physicians and group practices to obtain reasonable contracts is due to a lack of bargaining power. Where there is no bargaining power and you compete with large corporate entities, then even in a free market, protections to ensure competition are necessary. Physicians are not allowed to participate in collective bargaining, so they are forced to accept paltry contracts many times paying only a fraction of Medicare rates. Universities and hospitals are offered contracts at several multiples of Medicare rates which reflects the true value of the services rendered. Relegating poor contracts to defenseless physicians and physician groups is the ultimate example of cost shifting. Because these large entities also earn the lion’s share of available revenues in the form facility fees, they can attract faltering but unwilling doctors and groups into their employment.

A burgeoning shift to two or three major providers in each city means that those who do not go onboard with these corporate entities have even worsening ability to get good or reasonable contracts. 85-90% of the current graduates now go into direct employment under one of these entities. When 90% of a physician population is employed on to two to three entities, it facilitates downward pressure on professional fees for those remaining outside. Hospitals and universities will always preferentially negotiate strong facility fees as this is the lion’s share of reimbursement. They will have no incentive to bargain hard for professional fees which is a small part of the whole pot where they are concerned. During contracting negotiations, it will be the first retrenchment in payment that managed care companies do. Good fiscal management by corporate bosses will dictate a downward push in compensation to those physicians already employed. For this reason, I refer to such employment practices as a “three-year honeymoon period.” The problem now will be that there will be no way back to private practice for the individual physicians because they will not be able to obtain new contracts that allow the ability to run a practice successfully.

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