

THE FUTURE OF INDEPENDENT PRACTICE IN AMERICA

*17TH Annual Future of Spine + the Spine, Orthopedic
and Pain-Management Driven ASC Conference*

CHICAGO — THURSDAY, JUNE 13, 2019



Independent doctors unite to fight national trend toward hospitals buying physician groups

April 3, 2013 |

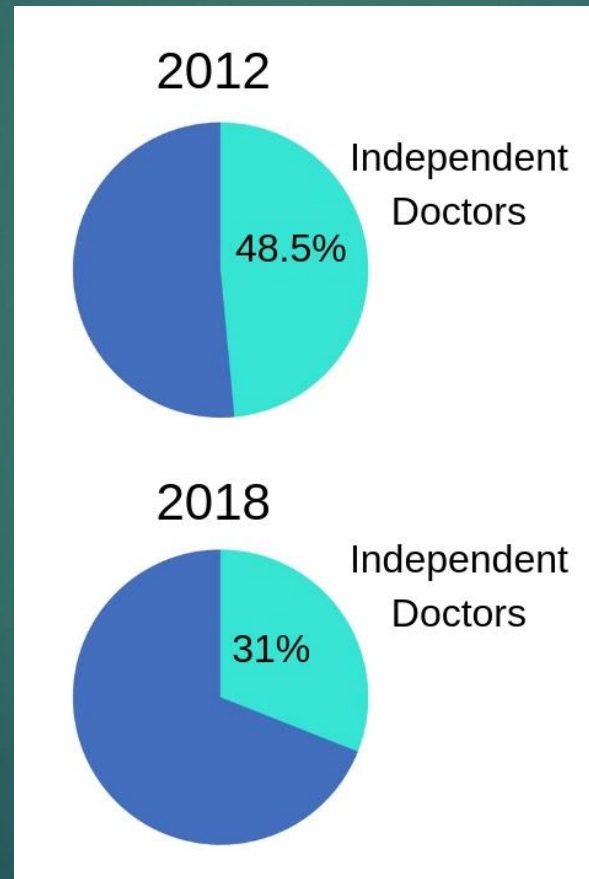
*By Marni Jameson,
Orlando Sentinel*

Since January, at least 114 local doctors have traded their independence for steady paychecks from hospitals. The move, part of a nationwide trend, has wide implications not only for doctors but also for patients' pocketbooks.

The logo for the Orlando Sentinel newspaper, featuring the words "Orlando" and "Sentinel" in a large, bold, black serif font, stacked vertically. A thick green horizontal line is positioned below the word "Sentinel".

Orlando Sentinel

Independent doctors are in critical condition

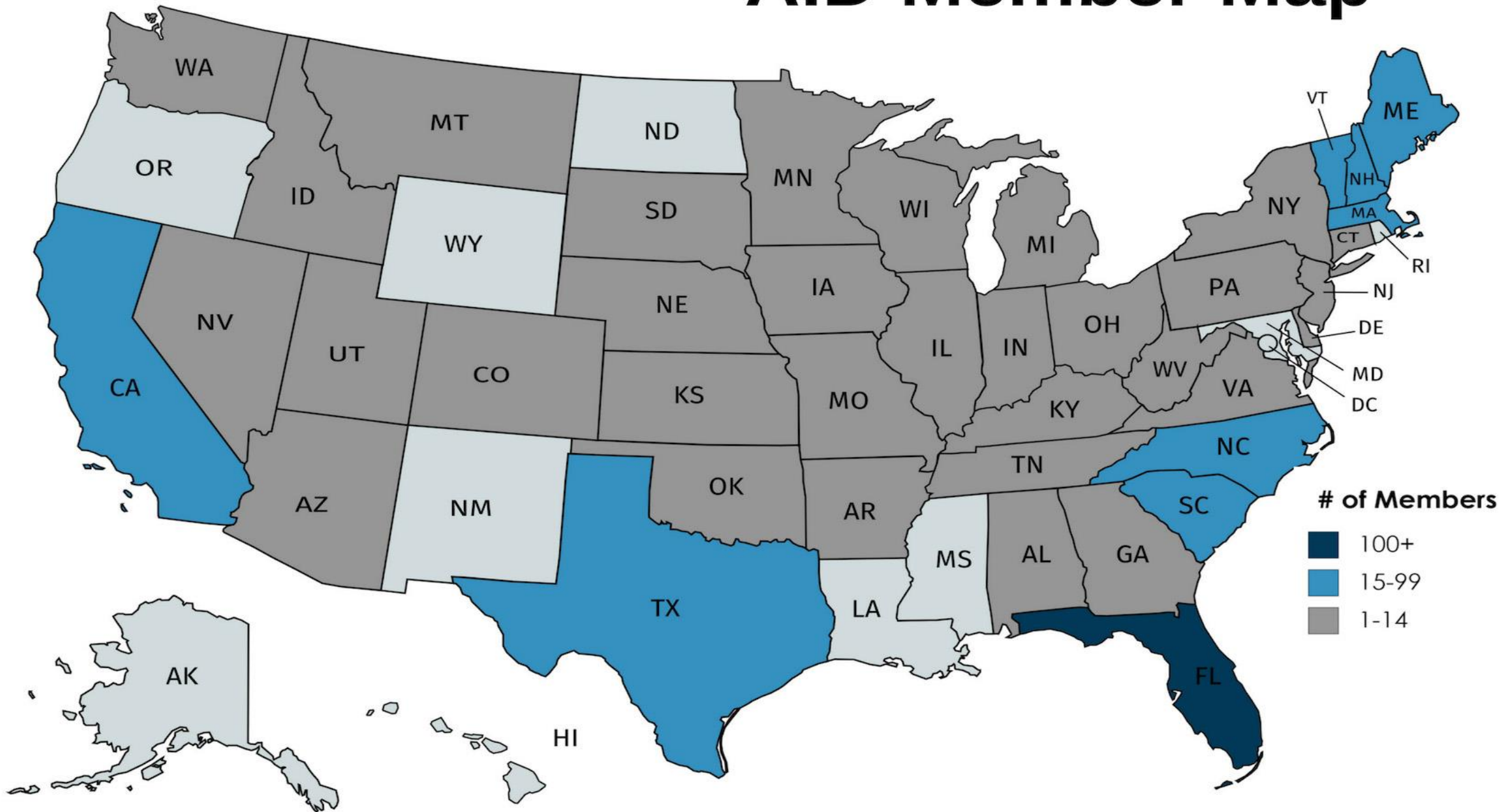


AID's GROWTH

Since 2013, more than 1,000 doctors in 40 states have joined AID. We now have five chapters and a dental alliance:

- ▶ Florida
- ▶ New England
- ▶ California
- ▶ The Carolinas
- ▶ Texas
- ▶ Dental alliance

AID Member Map



AID's MISSION

1. Stop health-care consolidation
2. Increase price transparency
3. Eliminate facility fees
4. Enforce anti-trust laws
5. Stop nonprofit hospital's abuse of tax-exempt status

We're working with:

- ▶ media
- ▶ businesses
- ▶ lawmakers
- ▶ doctors
- ▶ consumers

To get:

- ▶ government
- ▶ insurance
- ▶ private equity
- ▶ hospitals

OUT OF THE EXAM ROOM



WORD IS GETTING OUT

NOV 19, 2018

MORE ON HOSPITAL/PHYSICIAN RELATIONS

Physicians employed by hospitals and corporations more dissatisfied than independent doctors

Independent doctors appear much more satisfied with their professional lives, with an 18 percentage point gap in opinion between ownership models.

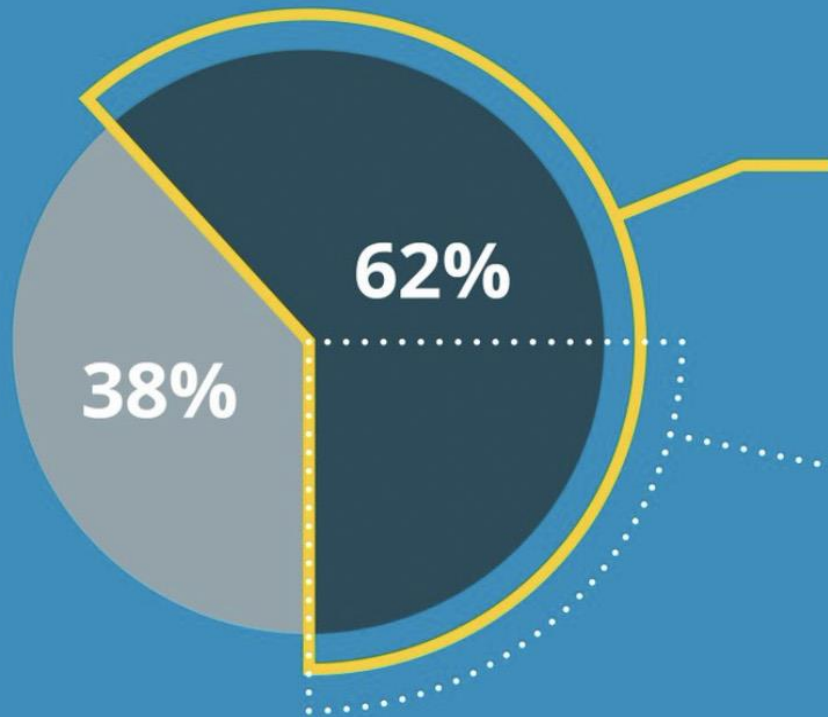


Jeff Lagasse, *Associate Editor*



CONCERNS AROUND HOSPITAL MERGERS AND ACQUISITIONS

Americans are most concerned about the impact of ongoing consolidation on their ability to access the care they want at an affordable price.



62 PERCENT

are concerned about the impact of hospital consolidation on their access to affordable care.

25 PERCENT

feel that it is a threat to their health.

1. Stop the consolidation...

- ▶ ... that occurs when hospitals and private equity companies buy up medical practices, and other health-care facilities.

HOSPITALS AND PE HAVE BEEN ON A BUYING SPREE.

The bigger they are...

- *The more market share they capture*
- *The more money they can get*
- *The more bargaining power they have*
- *The more they can afford to lure in independent doctors*



Medical Mergers

- ▶ Drive up costs
- ▶ Reduce competition
- ▶ Lower quality
- ▶ Eliminate jobs
- ▶ Financially harm communities
- ▶ Burn out doctors





How much do hospitals make per year off their employed doctors?



How much do hospitals make per
year off their employed doctors?

\$2.4 million

average net revenue

— Merritt Hawkins/2019

AFTER A MEDICAL GROUP ACQUISITION:

“...price increases on the order of 20-30 % are common and can range to over 50 %.”

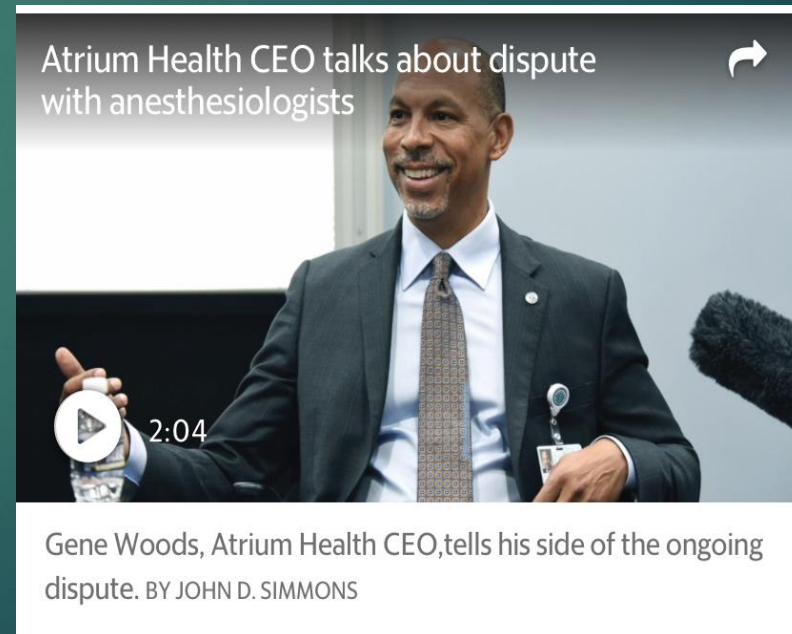
“...patient outcomes are substantially worse at hospitals in more concentrated markets.”

-- Martin Gaynor, professor of economics Carnegie-Mellon University, former FTC director of economics, in 2018 report to US House of Rep.



As nearly 100 doctors abandon Atrium Health, some experts see the start of a trend

MAY 17, 2018



Doctors leave ThedaCare to form independent cardiology clinic in Grand Chute

► [Chris Mueller](#), Appleton Post-Crescent Feb. 14, 2019



**40 DOCTORS 'STEP OFF THE
TREADMILL' AND DETAIL
WHY THEY ARE SPLITTING
OFF FROM NOVANT**

AID works with
FTC to enforce
anti-trust laws.

- *Idaho*
- *Pennsylvania*
- *Illinois*
- *Vermont*



AID respectfully asks lawmakers

- ▶ ... to stop consolidation in health care by removing the incentives driving the trend.



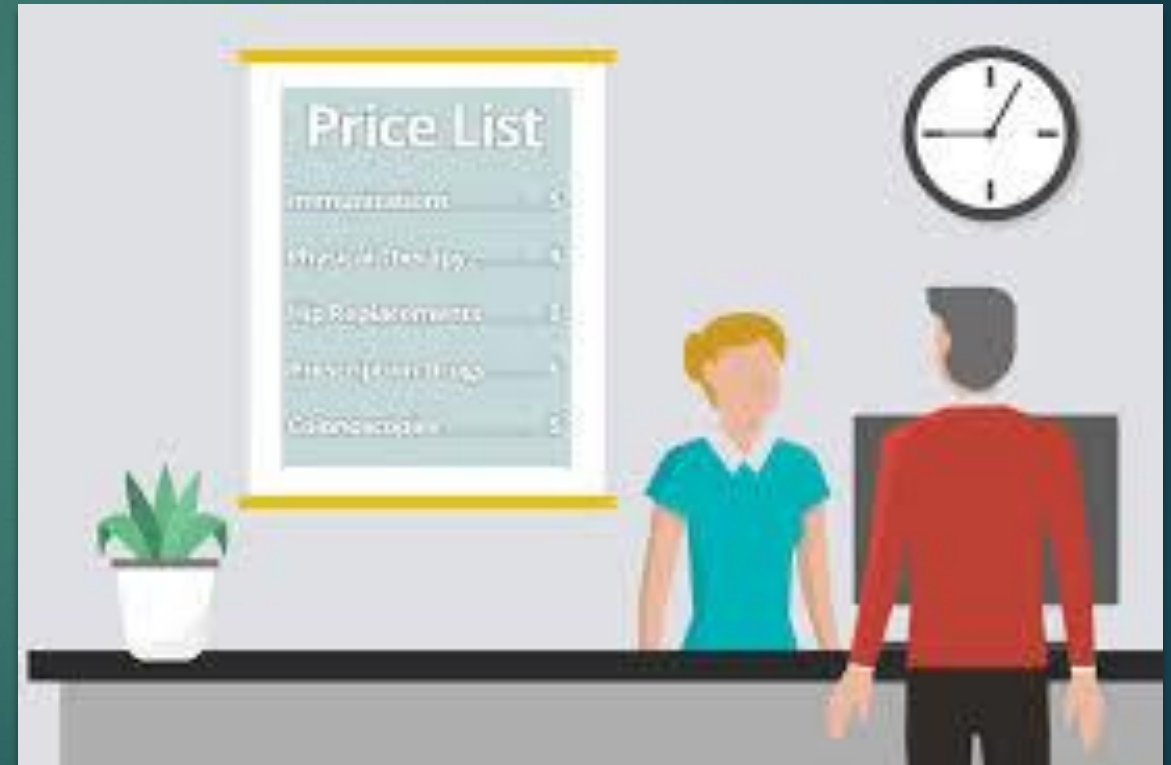
2. Increase price transparency...

- ▶ ... so consumers can know prices before they have procedures and can choose best value.



HR 1409: Transparency in All Health Care Pricing Act of 2019

- ▶ Would require price disclosure in the health-care marketplace. Would require all hospitals, outpatient centers, physicians, labs, insurers, pharmacies and pharmaceutical companies, to post pricing in a clear and conspicuous manner, so consumers can make informed choices before they undergo treatment.
- ▶ -- Ed Perlmutter (D-CO) and Mike Gallagher (R-WI)



AID respectfully asks lawmakers

▶... to encourage transparency in the marketplace, and to ask medical groups, clinics and hospitals to post true cash prices, so consumers can make informed choices.



3. Eliminate facility fees

- ▶ Facility fees add no value, but cause prices to rise exponentially. By eliminating them, we could move toward site-neutral payments; doctors would receive the same payment for the same procedure regardless of where it was done.

Same procedure, different place

Free-standing center

- ▶ MRI \$ 319-\$742
- ▶ Heart cath \$1,100
- ▶ EKG \$ 373

Hospital Outpatient

- ▶ \$1,591-\$2,226
- ▶ \$4,000
- ▶ \$1,605

** Source Medicare Payment
Advisory Commission*

Price differences between independent and employed physicians – *Professional fees only*

	<u>Independent</u>	<u>Employed</u>	<u>% Change</u>
25-Minute PC visit	\$117	\$261	+220%
Ophthalmology exam	\$ 84	\$278	+275%

Source BCBS

How Costs Compound

Independent Doctor



Independent Specialist



Freestanding imaging center



Freestanding surgicenter

\$\$\$

Employed Doctor



Employed specialist



Hospital-owned imaging center



Hospital-owned surgicenter

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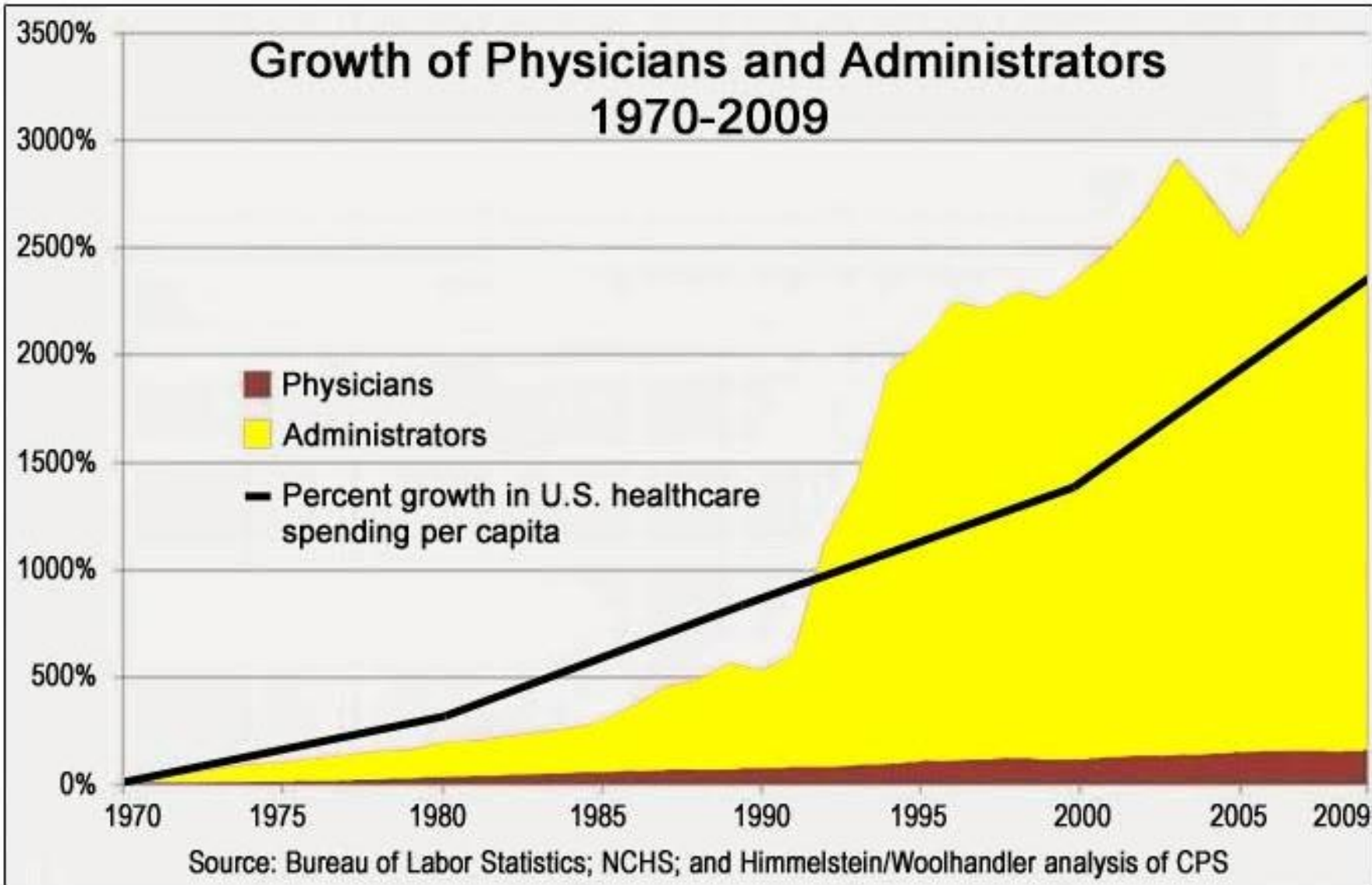
Leakage



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Growth of Physicians and Administrators 1970-2009



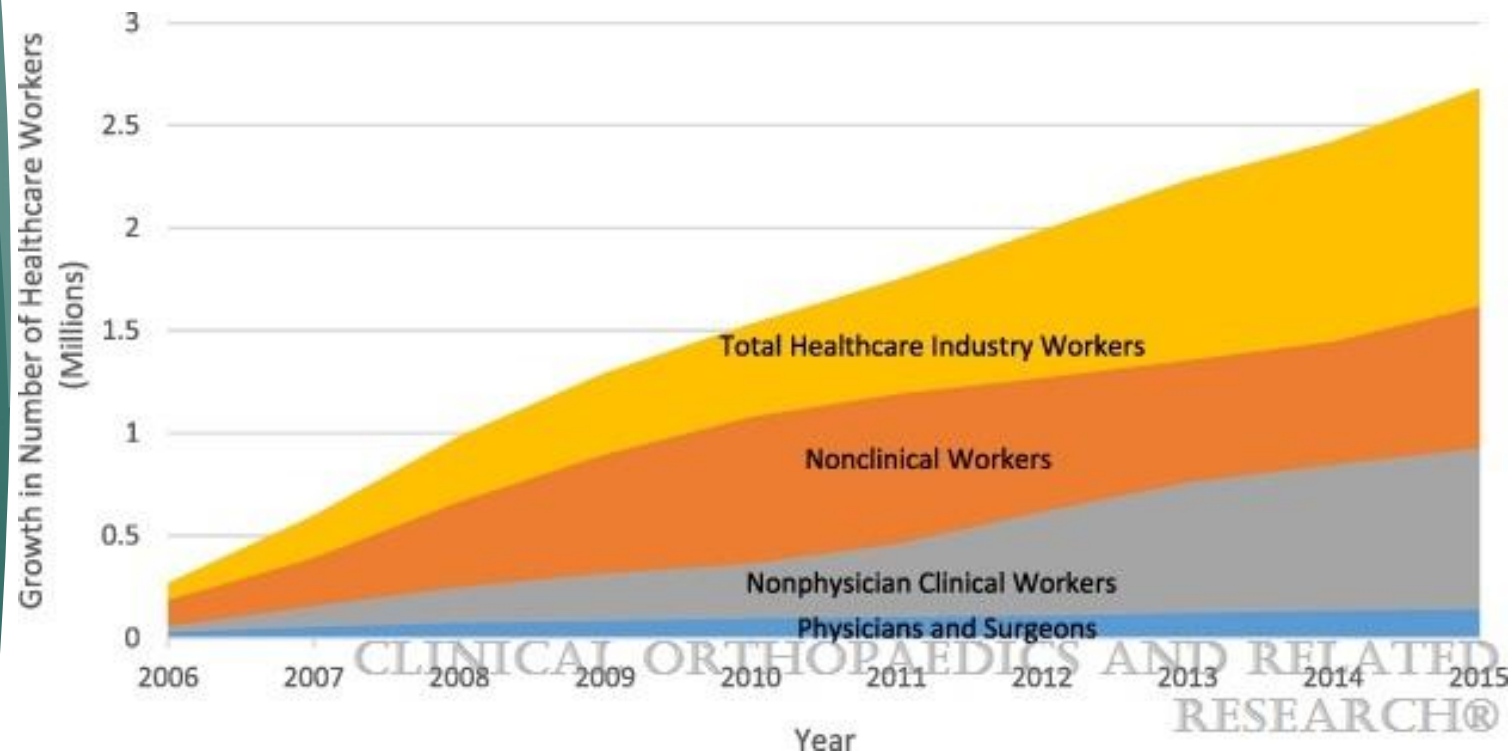
* 2300% increase in U.S. healthcare spending per capita between 1970-2009 (Source: Health Care Costs: A Primer, The Henry J. Kaiser Family Foundation)

Source: Bureau of Labor Statistics; NCHS; and Himmelstein/Woolhandler analysis of CPS

GROWTH OF INDUSTRY

Since 2005, more than 2.5 million workers have joined the health care field (more than 20% growth). Physicians accounted for 5% of this growth.

– Wolters
Kluwer/Oct. 2018



Mean costs per inpatient:

- ▶ Independent doctor: \$3,066
- ▶ Hospital-owned doctor: \$4,312 (41% more)
- ▶ Multi-hospital-owned doctor: \$4,776 (56% more)

- *Study in JAMA, Oct. 2014*

AID respectfully asks lawmakers

- ▶ ... to abolish facility fees, and require site-neutral payments. Such moves would eliminate the incentive for hospitals to acquire doctors and clinics.

4. Stop abuse of tax-exempt status

- ▶ ...by nonprofit hospitals, and hold hospitals and other medical nonprofits accountable.

62% of US Hospitals pay no taxes

- No tangible personal property tax
- No real estate tax
- No sales tax
- No state or federal income tax



Florida Hospital & Orlando Health

“Their growth has come at a price ...

“If the hospitals owned or operated by Adventist Health and Orlando Health weren't nonprofits, they would have owed a combined \$50 million in taxes last year on property assessed at more than \$2 billion across (five) counties

“But generous exemptions granted to nonprofit hospitals nearly wipe their tax bills clean.”

-- Beth Kassab/Orlando Sentinel



AID respectfully asks lawmakers to end the tax-exempt status abuse

- ▶ require nonprofit hospitals to provide true (not inflated) charitable care reports
- ▶ require those that behave like for profits (i.e., have insurance contracts) to pay taxes
- ▶ correct excess compensation to hospital executives at tax-exempt hospitals



If we made these four moves

- 1. Stopped consolidation**
- 2. Achieved price transparency**
- 3. Eliminated facility fees**
- 4. Ended abuse of tax-exempt status**

We would

- ▶ **Cut health-care costs by \$100 billion+**
- ▶ **Improve quality and access**
- ▶ **Slow consolidation of medical groups**
- ▶ **Help save America's independent doctors**

BURNOUT IS REAL: Doctors' Suicide Rate Highest of Any Profession

- ▶ *One doctor dies by suicide in the U.S. every day.*



Save America's doctors



What's healthy for America's independent doctors is healthy for America.

Be part of the solution.



www.aid-us.org
(407) 571-9316