



Melanie
Blake

Alex
Stratienco

Jim
Hobson

More doctors are choosing hospital-based employment

BY EMILY BREGEL

STAFF WRITER

For Dr. Melanie Blake, picking hospital employment over private practice wasn't a hard decision.

Mother of two young children, she values her predictable schedule as medical director of Erlanger hospital's employed internal medicine group. Hospital-based primary care physicians provide after-hours support for her admitted patients, and administrative support allows her to focus on what she loves: caring for patients.

"I'm relieved of some of the nonclinical obligations such as billing and security and maintenance," Blake said.

Facing an uncertain health-care landscape, more doctors are trading some autonomy for a regular paycheck and choosing hospital-based employment over private practice.

A recent survey from the Medical Group Management Association found 55 percent of practices that responded to its questionnaire were hospital-owned, compared to 50 percent in 2008 and about 30 percent in 2003.

But the shift has disheartened some independent doctors, who fear higher costs and limited choices for patients.

Many tests and scans performed in a

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MEDICARE ALLOWABLE FEES

Some doctors worry that the trend of physicians working for hospitals could lead to a rise in health care spending, since tests and scans performed in a hospital are often reimbursed at a higher rate than if they were done in a doctor's office. For example, in the Medicare program:

Echocardiogram 2010

■ At hospital: \$495
■ In doctor's office or imaging center: \$231
2007

■ At hospital: \$407
■ In doctor's office or imaging center: \$337

Myocardial multi-imaging (nuclear imaging) 2010

■ At hospital: \$809
■ In doctor's office:
\$427

2007

■ At hospital: \$618
■ In doctor's office:
\$603

Source: CMS.gov

Doctors

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hospital are reimbursed at a far higher rate than the same procedures performed at a physician's office, said Dr. Alex Stratienco, an interventional cardiologist in private practice in Chattanooga. Insurers pass the extra costs on to consumers in higher premiums and co-payments, he said.

Hospitals "see an opportunity to regain all this imaging revenue that was lost over the past decades to office practices," Stratienco said. Hospitals will "make windfall profits because they're being reimbursed at a much higher level."

Medicare pays \$495 for an echocardiogram performed at a hospital, compared to \$231 for the same test done in a doctor's office, according to Medicare's allowable fee schedule. Medicare patients pay 20 percent of the allowable fee for their co-payment.

Some legal experts also worry about the medical community's efforts to ease antitrust laws. They are intended to protect against monopolies but now are a barrier to potential collaborations between providers, such as the "accountable care organizations" envisioned under federal health care reform.

REASONS FOR COLLABORATION

A new generation of doctors that values work-life balance is drawn to the stability and protection from administrative hassles that come from working for a hospital, some said.

"The red tape involved with the practice of medicine has gotten more and more," said B. W. Ruffner, oncologist and president of the Tennessee Medical Association. "Especially the young physicians are just sort of throwing up their hands and saying, 'Let somebody else take care of it.'"

Hospital officials say establishing close ties with doctors — often by employing them — will help weather changes expected under fed-

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includes "accountable care organizations," collaborations between providers who will coordinate care and share savings from efficiencies, hospital officials said.

Under the landmark health care law that passed in March, hospitals and physicians can create accountable care organizations for Medicare beneficiaries. Multiple providers can work as a single entity to coordinate care and share a

single annual Medicare payment for a group of thousands of patients. Providers will share in any savings.

"We're positioning organizations so when there is a payment like that ... there will be a network of care in a single contracting entity that can handle that," said Erlanger President and CEO Jim Brexler.

HOSPITAL DOCTORS

Erlanger has tripled its number of employed physicians in three years, from 40 to more than 120, officials have said.

Coordinated care should result in savings for the health care system, even if costs for individual procedures are higher in hospitals, said Jim Hobson, Memorial Hospital president and CEO.

"What you're trying to contemplate is a world that may not be paying a fee-for-service model, like we have now," he said. "If you look where health care is moving and what the marketplace is wanting, it's integrated delivery systems."

Stratienco fears that patients' needs will play second fiddle to cost considerations if hospital-employed doctors are their only option for care.

"The medical system used to stand on three legs — provider, meaning the doctor; hospital, the arena; and payer, the insurer," he said. "Now the hospital and provider are becoming one and the same. There's some danger in eliminating some of the checks and balances. ... Who looks

out for the patient?"

Officials at Parkridge Medical Center — where the number of employed physicians at Parkridge has grown from 10 to 25 in five years — say these partnerships are not about hospitals dominating physicians.

Hospitals and doctors must share goals if collaboration is to succeed, said Keith Underwood, Chattanooga-market practice manager for Parkridge's parent company, HCA.

"We hope they never feel like an employee. We understand most of them are entrepreneurs at heart," he said. At the same time, "If [doctors are] just looking for a paycheck, that arrangement

doesn't work long-term."

The insurance industry, including lobbying group America's Health Insurance Plans, has raised concerns about consolidation of providers in the health care market.

"If you have too many providers and/or health systems under one banner, if their intent is to create a more monopolistic approach

in that market, the concern is it's going to raise the cost of health care for patients and large employers across the state," said Dr. Tom Lundquist, BlueCross BlueShield of Tennessee's vice president of performance measurement and improvement.

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