

Doc holiday

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The doctor is not in.

The United States already faces a growing physician shortage. As our population ages, we require more and more intensive health care. At the same time, enrollment in medical schools has been essentially flat, meaning we are not producing new physicians at anywhere near the rate we need to. In fact, according to the American Association of Medical Colleges, we face a shortfall of more than 150,000 doctors over the next 15 years.

And it could get a whole lot worse.

The health reform bill signed into law last year is expected to significantly increase the number of Americans with health insurance or participating in the Medicaid program. Meanwhile, an aging population will increase participation in Medicare. This means a greater demand for physician services.

But at the same, the bill may drive physicians out of practice.

Existing government programs already reimburse physicians at rates that are often less than the actual cost of treating a patient. Estimates suggest that on average physicians are reimbursed at roughly 78% of costs under Medicare, and just 70% of costs under Medicaid. Physicians must either make up for this shortfall by shifting costs to those patients with insurance — meaning those of us with insurance pay more — or treat patients at a loss.

As a result, more and more physicians are choosing to opt-out of the system altogether. Roughly 13% of physicians will not accept Medicare patients today. Another 17% limit the number of Medicare patients they will see, a figure that rises to 31% among primary care physicians. The story is even worse in Medicaid, where as many as a third of doctors will not participate in the program.

Traditionally, most doctors have been willing to take some Medicare patients either out of altruism or as a “loss leader,” to reach other family members outside the Medicare program. Others try to get around Medicare’s low reimbursement rates by unbundling services or providing care not covered through the program. (Nearly 85% of seniors carry supplemental policies to cover these additional services). With many

office and equipment costs fixed, even a low reimbursement patient may be better than no patient at all for some doctors. This is even more true for hospitals where Medicare patients may account for the majority of people they serve. And doctors can take some comfort in the fact that Medicare is pretty much guaranteed to pay and pay promptly. The same is not always true of private insurance.

But if reimbursements fall much more, the balance could be tipped.

The government's own chief actuary says that reimbursement cuts could mean "reductions in access to care and/or the quality of care." Once the cuts hit hospitals, they too will be in trouble. Medicare's actuaries estimate that 15% of hospitals could close. Inner-city and rural hospitals would be hardest hit.

Nor is the pressure on reimbursement rates likely to be felt solely in government programs. The health care law contains a number of new regulations that are already driving up insurance premiums. The government is responding by cajoling and threatening insurers. If insurers find their ability to pass on cost increases limited, they too may begin to cut costs by cutting reimbursements.

For a lot of older physicians, retirement in Florida may begin to look like a very good option. Roughly 40% of doctors are age 55 or over. Are they really going to want to stick it out for a few more years if all they have to look forward to is more red tape (both government and insurance company) for less money? Those that remain are increasingly likely to join "concierge practices," limiting the number of patients they see and refusing both government and private insurance.

And, at the same time, fewer young people are likely to decide that medicine is a good career. Remember, the average medical school graduate begins their career with more than \$295,000 in debt.

A 2010 IBD/TPP Poll found that 45% of doctors would at least consider leaving their practices or taking early retirement as a result of the new health care law. And, an online survey by Sermo.com, a sort of Facebook for physicians, found that 26% of physicians in solo practices were considering closing. Of course, not every doctor who told these polls that he or she would consider leaving the field will actually do so. But if even a small portion depart, our access to medical care will suffer.

In fact, we have already seen the start of this process in Massachusetts, where Mitt Romney's health care reforms were nearly identical to President Obama's. Romney's reforms increased the demand for health care but did nothing to expand the supply of physicians. In fact, by cracking down on insurance premiums, Massachusetts pushed insurers to reduce their payments to providers, making it less worthwhile for doctors to expand their practices. As a result, the average wait to get an appointment with a doctor grew from 33 days to over 55 days.

Promising universal health coverage is easy. But what does universal coverage mean if you can't actually see a doctor?

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