

Progress

A publication for members and friends of the American Private Physicians Association
 Volume 11, Number 1
 June 2006

APPA ACTS ON LOCAL HOSPITAL ISSUES

In response to our 2005 physician survey, the APPA Board met with Lou Lazatan, CEO of St. Johns Health Center, to present our agenda on local hospital issues. We discussed a wide range of concerns affecting our members, their practices, and our patients.

First, we pointed out that the private physician marketplace is the hospital's largest single book of business. APPA represents that market share.

Second, the board contrasted the hospital's very visible efforts on behalf of its managed care physician organizations with the paucity of attention to independent private physicians' needs.

Third, we presented our 2005 physician survey results regarding hospital patient care. Board members emphasized the many conflicts we experience with hospital discharge policies. We discussed our concerns about the hospitalist program and patient management policies which at times create conflicts with attending physicians and consultants.

Fourth, we pointed out that the rapidly growing consumer directed healthcare market will make the APPA market share even more important to our local hospitals. Patients spending some their own money for hospital care will be much more discerning and demanding.

Lou Lazatan was very responsive and promised follow-up meetings on an on-going basis. Action on some items has already begun. The APPA board looks forward to real results ■

APPA PUSHING NEW CASH PAY HOSPITAL PROGRAM

All private physicians have a few patients with high deductibles, no outpatient coverage or no insurance at all. The move to high deductible consumer directed health care plans will add more to this number. These patients want to pay cash and look for the best value and discount they can find.

Unfortunately, the highly distorted chargemaster rates at hospitals make paying the listed retail amount for hospital inpatient or outpatient services quite onerous. For example, an EKG at a hospital is listed at \$175.00 but Medicare pays only \$37.50 in a physician's office. Private physicians, independent imaging centers and surgery centers can offer discounts but hospitals rarely do this efficiently.

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YOUR PRACTICE NEEDS ORGANIZED REPRESENTATION

For those of us engaged in it everyday, our patients' need for private healthcare is all too obvious. Many have complex, multiple illnesses underserved by other practitioners who do not share our philosophy of care. All too often, we are the ones filling the gaps because others have dropped the ball.

Yet it is doctors in other modes of practice who have the attention of our medical associations, the political establishment, the media, and our hospitals. The reason: organized representation.

Over 60% of all US physicians are in individual or small group practices such as ours. Yet our medical associations and societies are preoccupied with the problems of government run or supported healthcare programs, particularly Medicare reimbursement. Their agendas are controlled by HMO-Managed Care, academic practice and research issues with less attention given to individual private physician practice concerns.

We are represented to federal government, state government, and in the press by groups whose priorities are not our own. The press focuses on issues which are the result of government regulation and interference in the healthcare marketplace. The response of organized medicine all too often undercuts our interests.

The majority of staff members at our hospitals are independent, private practitioners. These days, hospitals compete with physicians to provide services in many spe-

cialties. The usual medical staff organization is not designed to represent the business interests of its private healthcare staff members. Medical staff officers often must represent the hospital's agenda to help it compete and survive financially.

Unfortunately, all of this leaves our patients without an effective advocate. Twenty years ago, the practice of private healthcare was one of our patients' most effective tools in coping with illness. We prided ourselves on our ability to expeditiously intervene on an individual patient's behalf. Today there are roadblocks everywhere: managed care contract restrictions, hospitals limiting services and bed availability, and formerly reliable colleagues limiting their practices because of reimbursement and regulatory issues. Independent private physicians need to realize that all of us benefit from organized representation. We need to do the following:

1. Agree on who we are and what we are about. For a start, I suggest the APPA definition of private healthcare which can be read in its entirety at www.privatemd.com.

2. Agree that we have a common agenda worthy of recognition and support. Agenda items include the need for help in managing a small healthcare business, the need to represent our practices to state and national medical associations,

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APPA PRACTICE MANAGERS

WATCH OUT FOR HOUSE CALL DOCTORS

Recently, three APPA members reported that one of their patients had been solicited by a Calabasas based company, Care Level Management, to sign up for physician visits in their homes to be paid for by Medicare. Our members learned of this only after the patients were subsequently seen and told of a doctor coming to their home to evaluate them and make changes in their treatment and medications. Importantly, there was no communication between this “house call doctor” and the patient’s usual physicians.

Care Level Management has been awarded a three year contract by CMS to test a pilot program for the Medicare “Personal Visiting Physician” delivery system. This pilot program is to test the effects of “increased access and quality of care to chronically ill elderly, and to study the effects of doctor house calls and cost savings to Medicare.” Evidently, these contracted companies were given lists of “chronically ill” patients by Medicare and telephone solicitation was undertaken. None of our patients were instructed to inform their personal physicians about this and no effort was made by the Care Level Management Company to inform the patient’s treating physicians. For at least one of the three patients, significant changes were made in her cardiac medications without any evident plan of follow-up. If any other APPA practices are aware of such patient incidents, please call Dr. Taw. We plan to file a letter of objection with Medicare and the company involved ■

WHEN YOUR PATIENTS NEED HSA INFORMATION

Do you have patients needing information about HSAs, HRAs, or Consumer-Directed Healthcare plans? One easy response is to offer the list of websites listed under HSA resources in this edition of Progress, page five ■

OPEN COLLAR VERSUS THE DEADLY TIE

Physicians in Britain are now encouraged to have a more casual presentation. A study by the British Medical Association released in February states that “healthcare associated infections” are linked to dirty ties worn by doctors. “Fatal superbugs” found in infected wounds were cultured from ties in a Sussex orthopedic unit. Experts claim that bugs can survive on a tie for up to 80 days, spreading MRSA and other deadly hospital-acquired infections. It is now scientifically proven that Casual Friday should be extended to the entire week ■

APPA IS PLEASED TO WELCOME NEW MEMBER:

Emily Sikking, M.D. – OB/GYN

2428 Santa Monica Blvd.
Santa Monica, CA 90404
Phone: 310-264-1820
Fax: 310-828-0158

WELCOME BACK TO:

James E. Burrows, M.D.

Elliot L. Goldman, M.D.

Gilbert J. Kuhn, M.D.

RESPIRATORY CONSULTANTS OF S.M.

1301 20th St., Suite 360
Santa Monica, CA 90404
Phone: 310-828-3465
Fax: 310-315-0339

Please add them to your APPA Roster.

To contact your APPA Administrator:
Barbara Vester 310-453-0169
2021 Santa Monica, Blvd. #212E
Santa Monica, CA 90404
or Barbara@privatemd.com



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APPA PUSHING NEW CASH PAY HOSPITAL PROGRAM

For several years, one hospital in the South Bay has offered a blanket 60% discount off its chargemaster rates for any service prepaid in cash. Internet sites such as hospitalvictim.com and how-muchdoc.com address hospital and physician charges, often unfavorably. Hospitals need to get out in front of this issue.

APPA board members met with the CFO of St. Johns Health Center and subsequently with their outside accounting firm. We offered suggestions about how to create a cash pay discount program and how to promote it. The hospital is quite serious about accomplishing this by the fall of this year. We look forward to real progress ■

Continued from President's Column

YOUR PRACTICE NEEDS ORGANIZED REPRESENTATION

the need for representation to state and federal governments, the need for a consistent message in the press, and the need for organized advocacy to our local hospitals.

3. Agree that we need to invest real dollars in private healthcare representation. This means paying dues to associations like APPA as well as consumer groups that promote our kind of health-care. If the AMA and state associations get \$400 each year and do very little for us, why not move those dollars elsewhere where they will do more good?

The need for organized representation is not confined to our business and financial concerns. It is also about our own health and that of our families. If, despite our majority practice position, we assume an attitude of defeat and do nothing, who will be there for our families when we need care? We cannot simply assume that because we are physicians, we will not be the ones waiting three hours to be seen by a doctor or forced to go elsewhere when our preferred hospital cannot accommodate us.

Now that the marketplace is changing and consumer directed healthcare is taking off rapidly, our patient base and our businesses will need to change. It is time for physicians to respond. There is no better place to start than with your own grass roots organization, APPA.

That is one man's opinion. I look forward to hearing yours.

--Richard L. Taw, M.D.

CONSUMER DIRECTED HEALTHCARE

THE BATTLE CONTINUES

There is still a lot left to do to help our patients and all healthcare consumers regain personal control of their healthcare access and financing. Whereas legislation and regulation have created most of our current problems, unfortunately more is needed to undo them.

Competition is the best response to excessive regulation. Unfortunately, individuals and small businesses seeking mechanisms for healthcare financing have few choices: HMO-Managed Care plans or very expensive state-mandated PPOs. Large employers can use the ERISA Act of 1974 and self-insure, thus avoiding expensive state mandates.

Two bills before Congress address this problem. The first is S-1955 sponsored by Senator Mike Enzi (R-WY) which would permit small employers to band together in association health plans, free of state mandates and state health insurance premium taxes. Any of us could buy health plans in any other state created for an association in which we were a member. This could cut premiums substantially and allow individuals to choose plans more customized to their needs.

Representative John Shadegg (R-AZ) and Senator Jim De Mint (R-SC) are offering the Health Care Choice Act (S-1015). This bill would allow individuals and businesses to buy health insurance across state lines without joining associations. State mandates and insurance regulation would be preserved, but plans offered in cheaper states would thrive.

Look for these topics to gain more political limelight as the Consumer Directed Healthcare movement expands ■

HEALTH SAVINGS ACCOUNTS

APPA HELPS FOUND NEW CONSUMER ORGANIZATION

Our old friend Greg Scandlen of the Galen Institute has formed a new consumer organization called Consumers for Healthcare Choices (CCHC). APPA was a founding corporate member. It is a 501(C)4 organization capable of lobbying for private health care. Greg's board of directors is stellar. The organizations e-newsletter (Consumer Power Reports) is superb. Membership for physicians and patients is inexpensive. APPA recommends that all our members join and support this advocacy group. More information is available at www.CHCChoices.org. ■

HSA GOLD RUSH CONTINUES

As we pointed out in prior issues, the engine driving the almost exponential growth of HSAs is the lure of profit by the financial services industry. Banks, mutual funds and other money institutions are like the Forty Niners rushing to stake their claims.

There is already \$1 billion in HSA accounts and projections for \$75 billion in only four years. That amount will be reached if only 10% of privately covered lives are enrolled, representing 15 to 25 million consumers.

That shift in dollars away from managed care insurance companies to financial institutions could generate \$450 Million annually in setup and enroll-

ment fees, \$800 Million in account management fees and \$1 Billion in transaction fees according to Daniel Couster International, a Chicago based consulting firm. No wonder that everyone wants to be in this business ■

FIGHTING FOR HSA LEGISLATION IN CALIFORNIA

Our state is one of several who do not allow HSA deposits to be deducted from income for tax purposes. These deposits are tax-exempt at the federal level. Private healthcare's arch enemy, State Senator Sheila Kuehl calls HSAs "a healthcare disaster". State Assemblyman Greg Aghazarian is promoting Assembly Bill 661 to correct the California tax code regarding HSAs. Don't look for much progress on this issue in our state ■

KAISER PERMANENTE LAUNCHES HSA

You know HSAs have arrived when the nation's largest HMO jumps on the bandwagon. Kaiser Permanente announced its "Custom Care" product suite in California. This offers an employer a health reimbursement arrangement account (HRA), a qualified High Deductible Health Plan and a "CarePay HSA". This is but one example of HMO/Managed Care companies chasing monies being lost to the financial services industry ■

HSA RESOURCES

The following are websites with information about consumer directed healthcare and HSAs specifically. Most have very useful e-newsletters which are worthy of reading by physicians preparing for this sea-change in the healthcare marketplace.

HSAInsider.com. A complete source of information for physicians, consumers and anyone wanting to start an HSA. Great e-newsletter

HSAFinder.com. Another great source of information. E-newsletter available as well.

HEALTHIA.com. Comparison shopping for HSA insurance and accounts, hospital pricing and doctors. Very interesting approach.

HRSolutionstoday.com. Small employers site discussing and showing consumer directed plans compared to traditional insurance products.

CHCChoices.com. A consumer organization advocating the consumer's needs in the consumer directed/HSA marketplace. Great e-newsletter.

CAHI.org Council for Affordable Health Insurance. A great resource created and managed by Dr. Merrill Matthews, a well known proponent of consumer directed healthcare.

ANNOUNCEMENTS



APPA ANNUAL BUSINESS MEETING

**“St. John’s Health Center and the
Private Patient/Private Physician Marketplace”**

**Speaker: Lou Lazatan,
President & CEO of St. John’s Hospital**

**“Hospitalists and Changing Roles
for Primary Care and Consulting Physicians
in Our Community Hospitals”**

**Speaker: Gilbert Kuhn, M.D.
President, St. John’s Medical Staff**

Bistro Restaurant
2301 Santa Monica Blvd.
Santa Monica, CA 90404
Wednesday, June 14, 2006
5:30 to 9:00 p.m.

Dinner will be served.

Reservations required: Call Barbara 310-453-0169

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For more information, write to the above
address or communicate via:

Phone: 310-453-0169

Fax: 310-453-4348

Email: info@privatemd.com

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Barbara Vester, Managing Editor

Richard L. Taw, M.D., Editor

Richard Hawley, M.D., Associate Editor



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“Your Chamber of Commerce for Private Healthcare”

2021 Santa Monica Bl #212E
Santa Monica, CA 90404