

## Thriving in Spite of Insurance Reimbursement Reductions

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I recently read an accounting of the Blue Cross Blue Shield plan of Kansas, which detailed how much the company cut insurance reimbursements to various professions. To my surprise and delight, chiropractic was the least hurt of all the professions. Here's what the article showed:

Profession	% Written-Off
Anesthesiologist	31.1
Internist	29.29
Pathologist	26.05
Physicians	24.77
Surgeon	32.45
Physician Assistant	22.33
Physical Medicine and Rehabilitation	34.74
Radiology	33.53
Occupational Therapist	45.58
Registered Physical Therapist	52.77
Orthopedic Surgery	32.53
Chiropractic	15.46

The "write-off" percentage is the percent of service billings that the insurance company has decided not to pay these doctors. Some doctors have agreed to receive these reduced reimbursements, while others are forced to accept the reductions because that's all the insurance company is going to pay, period.

Soon after seeing these statistics, I heard from a number of DCs around the country who had also seen them. The common feeling expressed by these DCs was, "Who cares that they cut the reimbursement of MDs? They charge too much anyway." It appears that most DCs think the charges of medical doctors are excessive, the same way the public thinks the charges of the medical doctors and chiropractors are excessive. In reality, the doctors who are hurting the most are the MDs and DOs who, according to this study, are faced with approximately a 30 percent write-off. The reason being is that the typical MD/DO office has a staggering 70 percent or more overhead, and that's after working 70 hours per week. When 30 percent of their billings are written off, and they have a 70 percent overhead, the result is the same: no profit, and no take-home income for their families.

DCs should feel very fortunate. If we're managing our practices properly, our overhead should be 50 percent or less, and, according to this study, we've been cut the least.

MDs and DOs are also facing an additional major Medicare reimbursement crisis. Cigna Health plan, which we all recognize as a major health plan around the country, has recently reduced their reimbursements to MDs and DOs to 60 percent of their Medicare reimbursements. Imagine having your fees reduced to 60 percent of what Medicare presently pays you? Most DC would go out of business. So would many of the MDs and DOs.

To further complicating this picture, the Centers for Medicare and Medicaid Services (CMS) reduced their payments to MDs, DOs and DCs 5.4 percent in 2001. This action increased D.C. write-offs to a little over 20 percent, while MDs and DOs were forced to survive a 35 percent write-off. And, in 2002, CMS is looking to reduce payments an additional 10.3 percent, which translates into a write-off of 30 percent for DCs, and a staggering 45 percent write-off for MDs and DOs. How can the MDs and DOs possibly survive?

If all this isn't gruesome enough, consider that most managed care plans tie their reimbursements to Medicare's fees, so that when Medicare reduces its fees, managed care plans also reduce their reimbursements by the same percentage.

#### More Problems for MDs and DOs

Skyrocketing overheads compound the problems MD and DOs face. For the past two consecutive years, these doctors have experienced double-digit increases in their malpractice insurance, with reported premium increases of 15 percent to 33 percent per year. General practitioners are paying an average of \$30,000 per year for malpractice insurance, while specialists are paying in excess of \$150,000 per year for a meager \$250,000 in coverage. And these doctors cannot pass this cost of doing business increase onto their patients, because their charges per visit are fixed by the HMOs, managed care plans, and Medicare. Aren't you glad that you are a DC?

Though DCs are the least hurt, insurance reimbursement reductions are not good for anyone: not for the doctor, certainly not for the patient, and not good for the insurance companies in the long run. One day the American people will finally be fed-up and demand a national health care program to serve the people; that; an end to insurance companies profiteering by denying health care to the sick, and bankrupting good doctors. Under the present insurance system, unfortunately, quality care is not available to those who cannot afford to pay.

DCs are still much better off than the MDs and DOs. We can do better than to simply survive the reduction of insurance reimbursements by implementing effective countermeasures. One such measure is to learn and master the skills to better present the need of chiropractic care to our cash and underinsured patients. We can also provide care that the PPOs and HMOs don't, so that patients have a valid reason to reach into their pockets to pay us for care.

Years ago I read "Improve Your Case Presentations" in *Dental Economics*. The article offered reasons why some dentists were able to get 90 percent of their patients to accept their recommendations for thousands of dollars' worth of dental care, while others had a hard time getting 10 percent of their patients to pay for recommended care. The simple difference was the doctor's ability to communicate to patients why it was so important that they got the recommended care. The doctors who had the communication skills had little problem in getting their patients to reach into their pockets to pay for their care.

Doctors: Improve your presentations. Attend practice management courses, practice building seminars, etc. Master the communication skills that will quickly and effectively motivate your patients to accept your recommendations. The more skilled you are in presenting why patients need chiropractic care, the more accepting your patients will be of your recommended care, and

the more profitable your practice will become.

Many people, whether through neglect or age, are faced with the decision to have major dental work to keep their teeth, or to get dentures. The majority will choose to spend thousands of dollars (as much as \$30,000 or more) to keep their teeth, even though they could live just fine with dentures at a fraction of the cost. As there is no replacement available for a healthy spine, and as chiropractic care does not usually mean a \$30,000 bill, don't you think it should be much easier to motivate people to get and pay for chiropractic care than it is to get them to pay for optional dental work? Think about it - then learn to improve your presentations.

The public loves chiropractic care. Gone is our alternative health care label. Most people consider chiropractic mainstream health care. We've done a great job in elevating the image of chiropractic. However, we can still learn a lot from the old-timers, like myself, who practiced in the '60s and '70s, at a time when chiropractic was not as widely accepted. During that era, insurance covered medical doctors, osteopaths, podiatrists, but very few paid chiropractors. During this time, 90 percent of our patients had to pay cash for our services, and yet we thrived. Today's younger doctors who are having problems motivating their patients to pay cash for their services, simply need to heed the advice of the old-timers who built successful cash practices.

More people utilize chiropractic today than ever before. Times aren't bad - just different. Learn how to effectively communicate and your practice will flourish.

*About the author:* Dr. Peter Fernandez has over 22 years' experience as a practice management consultant. He has personally consulted with over 5,000 DCs, and in the opening of more than 2,500 practices. He is the author of 17 books and hundreds of articles on practice building.

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