

Hospitals, Administrators, and Health Care Savings Accounts

John Cerf, DC

In the November 2004 issue of *Money Magazine*, Amy Feldman and Peter Carbonara wrote that health care savings accounts (HSAs) are going to change health care as much as HMOs did 20 years ago. In the same article, Bob Natt, the former CEO of Physicians Health Services, predicted that in the next five to seven years, traditional indemnity plans will no longer exist.

An HSA is a consumer-driven health plan. It is in the HSA holder's best interest to shop around for the cheapest health care. The HSA consists of a high-deductible health insurance policy coupled with a savings account. The employer and/or the individual contribute to the savings account. The money in the savings account is tax-free as long as it is used for health care purposes. The health care insurance pays once the patient meets the high deductible for a given year. An important benefit is that money not used for health care by year's end remains in the account and can be used for future health care expenses. [Editor's note: To learn more about HSAs, read "Health Savings Accounts: Save Now and Save for Later": www.chiroweb.com/archives/22/25/13.html.]

As consumers are using their own money for health care services, they are less likely to seek unnecessary or overpriced treatment. Patients are more likely to shop around for the best service at the lowest cost. Patients are more likely to demand improvement in their condition before they are willing to use up the money saved in their HSA.

Regina Herzlinger, a Harvard Business School professor, told *Money Magazine* that she believes HSAs will encourage the development of specialized health care centers. She theorizes that highly efficient medical centers that focus on only one particular disease will be able to offer better and less expensive care than do the current general hospitals.

The possibility of a major shift in insurance reimbursement makes it crucial for chiropractors to once again consider changing the style of their business practices. It may no longer be feasible for the majority of chiropractors to practice as solo providers. As the entire health care industry brainstorms to develop means to take advantage of the changes, chiropractors must make sure they are not left out. It is worth considering how involvement in your local hospital could help position you to better handle changes in the reimbursement system. Some hospitals already have on-site specialty centers. Some hospitals own off-site urgent-care or specialty centers. Complementary medicine/alternative care centers are also becoming more popular, in or associated with hospitals. Hospital staff privileges of any type can only help if future insurance changes make it necessary to join forces with medical providers. Unless you golf on Wednesdays, the hospital may be the only place you can meet medical physicians and develop personal relationships that can lead to professional relationships.

Chiropractors had to adapt quickly when HMOs made their way into the insurance industry. We may have less than three years to prepare for HSAs. It is time to make plans so we will be able to find ways to offer better service at a lower price while surviving financially. One possible solution is to bring more services under one roof, so as to share overhead; another option is to become a

partner or employee of a comprehensive service group. One hospital purchased a chiropractor's practice and then hired the chiropractor as a full-time employee.

Hospital administrators are currently considering how their hospitals will deal with the possibility of an HSA revolution. One solution is to integrate inpatient and outpatient services as well as traditional and complementary therapies. Intelligent hospital administrators know why Burger King and Pizza Hut are frequently found on the same city block. The principle is to get hungry people accustomed to frequenting one area of town when looking for food. Likewise, the intelligent hospital administrator wants the patients to make frequent visits to the hospital to become accustomed to seeking health care in that location. A patient who has been to a hospital three times per week for four weeks to see the chiropractor is more likely to feel comfortable choosing that hospital for elective surgery, due to the acquired familiarity.

When you approach a hospital to discuss chiropractic hospital privileges, speak to the administrator about the impending change to HSAs. Let them know that chiropractic can be beneficial to the hospital with the current reimbursement system by referring your patients who require testing and hospitalization. Chiropractic can also benefit the hospital if and when a significant number of patients become insured with HSAs. Patient satisfaction skyrockets when a chiropractor is added to the hospital's back care team. Give the hospital administrator a clear-cut rationale that can be easily explained to the hospital's medical executive committee and board of trustees.

If you have additional questions about how to approach hospital administrators, contact me via my columnist page.

John Cerf, DC
Jersey City, New Jersey

JANUARY 2005