

Are You Ready to Compete?

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It's curious what you remember. The math professor in my probability and statistics class (almost 20 years ago) told a story to demonstrate a certain fallacy in thinking:

A famous mathematician (you would recognize the name if I could remember it) was returning home on his horse and buggy in 18th century England. As he travelled, the horse would stop occasionally to relieve himself. Pondering the population growth and the impact of too many horses relieving themselves, he set about to compute the future effects of more people and more horses.

After estimating the increasing number of horses, quantifying their bodily functions, and calculating the rate at which horse dung would decompose, the mathematician was quite alarmed. According to his figures, if the current trend continued, within 50 years, he and everyone else on the British Isles would be waste deep in horse dung!

It's appealing to try to predict trends and extrapolate their impact. The mathematician, given the selective information he possessed, drew a logical conclusion, but the basis of his conclusion was an erroneous assumption. Obviously our mathematician friend had not envisioned the horseless carriage and the impact of automotive technology.

In the 1980s, many health care providers bought homes and developed lifestyles based on an income level that was unsurpassed in our history. Practice management consultants bragged of "million-dollar practices" to their clients. Many defined a successful DC by their income, home, car, and annual vacation. It appeared the good times would never end.

The 1990s not only brought an end to those "good old days," but introduced us to a new nemesis: managed care. Almost overnight, "political medicine" changed from being our number one antagonist to a co-victim in our war against the HMO/PPO hordes. As these managed care "tyrants" ground down reimbursement values and treatment plans, it looked as if chiropractic's Armageddon was upon us.

But as my father often reminded me, the pendulum swings both ways. Just when you think the entire world is headed one way, it changes direction.

Consider these two interesting developments which have already happened in the new year:

- A chiropractic managed care organization in the Northwest has just announced an INCREASE in their chiropractic fee schedule and a DECREASE in their withholding/administration fees. Through extensive contract negotiations, the office visit fees are now over \$30 on all contracts. The net effect to the providers is an increase of 24-51%, depending on the contract. According to the organization's executive vice president, this change came about because the carriers recognized the value of a well-managed chiropractic delivery system. They were willing to pay more per visit to chiropractic providers who have shown a history of cost effectiveness.

- A coalition of Minnesota companies has formed the Business Health Care Action Group (BHCAG) to further reduce the cost of health care. The BHCAG deals directly with health care providers and hospitals, while bypassing insurance companies. The executive director of BHCAG contends that HMOs waste millions in administration. By dealing directly, BHCAG "has reduced employer's health coverage expenses by 11% since 1993." While BHCAG covers only 250,000 people, this model could be operated in any market in the U.S.¹

And so the pendulum swings back again. Just when we thought the grip of the insurance companies would become all powerful, the employer community challenges their cost effectiveness. In the wake of lowered reimbursement rates, at least one chiropractic managed care organization is reversing the trend. In the free market system, competition is king.

There is always a better way to do something. Price is not the only criteria. Ultimately, the consumers (our patients) do have a voice. Even if you offer the same service, it can be administered more effectively.

Quality chiropractic care will always have a market. But as the market re-focuses, how you offer that care may have to evolve.

What have you done so far in 1997 to better equip your practice for success in the 21st century?

What should you be doing?

Don't put it off. Make a plan for the growth and development of your practice in 1997. As our world continues to change, are you ready to compete?

Reference

1. Focus: Business Health Care Action Group. Business Week, January 13, 1997.

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