

## **The Future of Chiropractic: Lessons of "The New Medicine" for Chiropractic in the 1990s. -- Part I**

Russell C. Coile Jr.

The future of medicine and chiropractic in America is more closely aligned than either profession may believe. The future of medicine will drive trends in health policy, payment, and practice in chiropractic. This forecast for the future of chiropractic is based on predictions for medicine in the 1990s, presented in *The New Medicine: Reshaping Medical Practice and Healthcare Management* (Rockville, Maryland: Aspen Publishers, 1990).

Welcome to the 1990s. Neither DCs nor MDs will have to wait long for their futures. For both medicine and chiropractic, the future is now. Many of the best hopes of medical science will come true in the 1990s, including artificial intelligence, mapping the genetic structure, and medical breakthroughs. And there is a bright future for chiropractic. The science of chiropractic will be expanded with new imaging technology, and the philosophy of chiropractic is well aligned with Americans' healthier lifestyles.

For both health professions, the opportunities of the future will also bring new challenges. The 1990s will realize some of medicine's worst fears, from shrinking incomes to outside review of physicians' office practice. Chiropractic treatment and payments will come under similar pressures from insurers and employers. For medicine and chiropractic alike, the 1990s will be like the opening of Dickens' *A Tale of Two Cities*... "It was the best of times, and the worst of times."

Here are the top trends which will reshape chiropractic in the 1990s:

### **Trend #1 -- Expanding Revenues/Shrinking Profit Margins**

National expenditures for chiropractic services will rise 6-8 percent annually in the 1990s. Much of the demand impetus will come from increases in aging, the shift to ambulatory care, consumer fitness lifestyles, and technology. Higher spending for chiropractic services may not translate into higher doctor incomes. The challenge for chiropractors will be tightly controlling practice costs to boost net income, as practice costs are likely to soar 8-10 percent per year, driven by wage costs and malpractice premiums. Chiropractors, like physicians, can expect increased office visits and revenues in the 1990s, but they will probably make less money per patient and per treatment due to widespread discounting and the imposition of national prices by government and major insurance companies. The "wild card" in this scenario is the economy. A recession will dampen consumer demand and could trigger price competition by chiropractors to maintain their patient bases.

### **Trend #2 -- Managed Care**

The 1990s will be the era of managed care. This does not mean the demise of fee-for-service chiropractic, but every DC service and procedure will be discounted. "Usual and customary charges

will be obsolete; every buyer will want and get a discount. Indemnity insurance is already 75 percent "managed indemnity" with more stringent controls and prior authorization features. The growth of Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs) is a threat to chiropractic -- unless chiropractic services and DCs are able to gain access and coverage by managed care plans. Chiropractic coverage by HMOs and PPOs is still quite limited. Today, HMO/PPO plans cover 25 percent of the population; expect that to double to 50 percent by 1995. If managed care plans extend chiropractic coverage, DCs and physicians will share financial risk in managed care contracting, along with participating hospitals. Risk-sharing agreement will routinely set aside 20-30 percent of premiums as a risk pool, with bonuses (or losses) shared at year end.

Watch for two new trends in managed care. First is the "single-business" managed care plan which specializes in workers compensation or rehabilitation. In these new plans, a small private network of MDs, hospitals, and other providers (eg., chiropractors and physical therapists) are the only providers of covered services to contracting employers or insurance plans. The second managed care trend to watch in the 1990s is Medicare HMO/PPOs. Only five percent of Medicare eligibles are currently enrolled in Medicare HMOs. Health Care Financing Administration (HCFA) is experimenting with Medicare PPOs. Five pilot projects were launched last year. The elderly are spending more out-of-pocket on their own health care. Rising Medicare co-payments and deductibles could encourage more seniors to enroll in Medicare HMOs and PPOs, as these plans expand in the decade ahead.

### Trend #3 -- Corporate Practice

The future belongs to group practice. Groups are more efficient, but, more importantly, groups see more patients. In medicine, doctors in groups see as many as 17-25 percent more patients than their counterparts in solo practice, according to Medical Economics annual surveys. There are two compelling reasons for group dominance: groups are magnets for professional referrals and patient self-referral. In a managed care environment, HMOs and PPOs prefer to contract with groups for administrative simplicity and group self-discipline. More than 50 percent of all physicians will practice in groups before 1995; the number of MDs already in groups is nearing 40 percent. The DC of the future will be in salaried group practice. The era of the chiropractor or physician entrepreneur is basically over. Young DCs and physicians -- up to 90 percent of doctors under 40 emerging from residency training -- will affiliate with groups in the 1990s. This trend will grow for medicine and chiropractic as more women enter the field this decade. In 1990, some medical schools enrollments were more than 50 percent women.

*Russell C. Coile, Jr.*  
*Alameda, California*

JANUARY 1991