Why Care Under The Affordable Care Act Will Be Unaffordable

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Several recent articles should dispel any remaining notion that care provided under the so-called Affordable Care Act will in fact be affordable. Just the opposite is true.

The Wall Street Journal [1] reported that when physicians sell their practice to hospitals and become hospital employees, services they provide to patients become significantly more expensive. The reason for this, simply put, is that overhead is much higher, and third parties reimburse at a higher rate for exactly the same service. Another way to say this is that hospitals are less efficient than a private office. And, as I have pointed out, physicians are considerably less productive when working for a salary, as opposed to fee-for-service [2]. This was an entirely predictable outcome. Yet, health planners behind the ACA pinned their hopes for cost containment on exactly this consolidation occurring. The ACA promotes Accountable Care Organizations; groups of “providers” and administrators who will assume financial risk for caring for patients assigned to them, by accepting a lump sum payment to cover all their medical needs. ACOs are the latest version of managed care, and will have similar problems. They will have a strong financial incentive to cherry pick healthy patients; those with serious problems will end up in emergency rooms and hospitals, where care is much more costly.

This brings us to the most recent article from the New York Times [3], which shows that when hospital emergency rooms and physician practices adopt electronic health records, reimbursements for physician services goes way up. Wait a second! Isn’t the EHR the magic wand that is somehow going to result in huge efficiencies and cost savings? Well, not exactly. It seems doctors and hospitals are able to use the EHR to “enhance” documentation of patient encounters and services provided, which entitles them to “up-code” and receive higher reimbursement from third party payers. This game dates back to 1990 when Medicare adopted the “resource-based relative value scale,” a complex Stalinist system devised by Harvard PhD William Hsiao. It was an attempt to codify physicians’ work product based on time, effort, degree of training, patient complexity, and other factors. The “relative value units” for any given intervention would then be multiplied by a fixed number to assign a dollar value for that work.

To obtain reimbursement from Medicare under the RBRVS, doctors had to learn to code their encounters appropriately. (Yes, we had to take time away from our practices to attend ridiculous coding seminars!!). To bill for a “level 5 office visit,” for example, a detailed history, system review, and physical exam had to be performed, and documented. Of course, this is not always needed, even in complex

patients, and the time required for documentation detracts from the quality of the encounter. The RBRVS was an absurdity, and hastened the medical profession's march down the road to serfdom. Rather than oppose this intrusion, the American Medical Association colluded with the government to make it a reality.

With cuts and freezes, physician reimbursement under Medicare has shrunk to Medicaid levels and will decline further under the ACA. Payment in many instances barely covers the cost of providing care. Yet, doctors up-code at their peril. For years, the government has conducted random audits of private physicians, group practices, and hospitals, looking for claims with inadequate documentation in the medical record. Huge monetary settlements have been extorted based in differing interpretations of arcane regulations. The EHR provides templates and boilerplate text to automate documentation, and can be a bulwark against such audits.

In addition to effects on billing and payment, rigorous studies of actual implementation of health information technology show no cost savings or improvement in health outcomes, according to another WSJ article [4].

The ACA is an experiment in top-down social engineering of an extraordinarily complex field encompassing one sixth of our economy. It is destined to fail, and will be expensive beyond belief, in dollars, lost opportunity, and in misery. If only the free market were given a chance to deliver quality care at reasonable cost. In the few areas of health care where it has been allowed to flourish, it has done just that.

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http://www.aapsonline.org/ [5]

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