When Patients Call, Will Physicians Respond?

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Proponents of the Patient Protection and Affordable Care Act (usually referred to as the Affordable Care Act), which aims to cover some 32 million uninsured individuals, would do well to ask whether physicians will care for these individuals once the act is implemented. Most physicians provide care for some uninsured or poorly insured patients, relying on payments from insured patients to cover the shortfall; private practice physicians are the main source of care for the uninsured and poor.[1,2] But recently physicians have become less likely to provide such care "because their practices are being squeezed by steadily declining insurance reimbursement on the one hand and sharply rising operating costs on the other. These pressures make it increasingly difficult to see patients who cannot afford to pay—or, in the case of Medicaid, patients for whom payment rates are often inadequate."[2]

The Affordable Care Act will not alleviate these pressures and may make them worse. The law includes provisions and decreases in payment that will undermine physicians' ability to care for both the newly insured and patients who already have insurance. Under the act, it is estimated that half the currently uninsured individuals will be covered under Medicaid by expanding eligibility guidelines. The federal government has committed to cover the cost of these newly enrolled Medicaid patients for a specified period (100% of costs in 2014-2016; smaller amounts thereafter). However, states are already struggling under huge budget deficits resulting from their existing Medicaid programs. States' costs will increase further on July 1, 2011, when federal stimulus aid disappears and each state's share of Medicaid costs increases by one-fourth to one-third. Because states are required to maintain eligibility guidelines to keep federal funding, their only options for deficit reduction are cutting already low Medicaid reimbursements and limiting the breadth of coverage. In 2010, thirty-nine states decreased Medicaid payments to physicians, hospitals, and nursing homes, and many states are planning future reductions of as much as 10%.[3]

Expanded insurance coverage will succeed only if it offers adequate reimbursement rates to physicians to take on the newly insured patients. Physicians are already reluctant to accept Medicaid reimbursement, which is a fraction of what other insurances pay.[4] Hospitals are having financial difficulties with current Medicaid reimbursements; lower rates and hospital closings are inevitable. Although the Affordable Care Act plans to increase Medicaid reimbursement rates for primary care physicians to Medicare rates for 2013-2014, that will be little help to patients in need of specialty care where rates will be cut and impending Medicare cuts will discourage many physicians from seeing these patients.

More than half of the nearly trillion dollar price tag for expanding coverage under the Affordable Care Act will be paid by decreasing spending for the more than 46.3 million individuals covered by Medicare. The biggest decrease comes from reduced payments to clinicians and health care institutions. For example, the Affordable Care Act assumes that a planned 30% reduction in physician fees scheduled to occur under the Medicare sustainable growth rate (SGR) formula over the next 3 years will occur.[5] Rather than fix a flawed SGR formula, Congress over the past 8 years has repeatedly delayed scheduled SGR decreases. Athough an SGR fix was in the original House bill (HR 3200), which organized medicine supported, the final Affordable Care Act that Congress passed left the SGR formula intact. In the latest deferral, Congress delayed for 1 year cuts scheduled for December 1, 2010, and for January 1, 2011, totaling 25%.[6] Medicare reimbursement rate cuts of 29.5% are scheduled for January 1, 2012. These will affect elderly individuals and persons with disabilities covered under Medicare and military families whose TRICARE coverage is based on Medicare rates.

In addition, starting in 2011, the Affordable Care Act plans lower payment rate updates to most categories of Medicare providers to reflect the increase in productivity experienced in the economy overall. Because medical services are labor-intensive, health care institutions and clinicians have been unable to improve their productivity to the same extent as the overall economy. The 2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds (the Medicare Trustees) anticipates that Medicare productivity-based payment-rate updates will increase 1.1% more slowly

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than the increase in prices that health care institutions and clinicians pay for the goods and services they use to provide health care services, resulting in a loss for physicians.[5]

The Affordable Care Act will also reduce physician reimbursement through the creation of the Independent Payment Advisory Board (IPAB). Starting in 2014 the IPAB will recommend Medicare spending reductions when the increase in Medicare's per capita spending exceeds the average of the growth in the consumer price index and the medical consumer price index—an eventuality anticipated to occur most years. These decreases become law unless Congress passes an alternative to generate the same savings. Because the IPAB is prohibited from recommending increasing revenues, changing benefits, modifying eligibility or, until 2020, decreasing payments to hospitals and hospices, the decreases will be borne by physicians.[7]

The Affordable Care Act's decreases will undermine patients' access to care. There is currently a shortage of physicians, especially primary care physicians. Reimbursement cuts will compound the problem by discouraging physicians from treating Medicare and Medicaid patients and potentially discouraging students from becoming physicians. Many physicians have already refused to accept Medicare payments because of low fees that have markedly declined over the past 20 years. According to a Texas survey, this problem is particularly pronounced among primary care physicians.[8] In assessing the effects of future Affordable Care Act reductions, the chief Centers for Medicare & Medicaid Services (CMS) actuary expressed concern that clinicians would have difficulty remaining profitable and might leave the Medicare program.[9] The Medicare trustees concluded that "[u]nless providers could reduce their cost per service correspondingly, through productivity improvements or other steps, they would eventually become unwilling or unable to treat Medicare beneficiaries."[5]

Unrealistic reimbursement, not physician cupidity, is the problem. Most physicians are financially comfortable, but the stereotype of the wealthy physician needs a reality check. When physicians start to practice after 4 years in college, 4 years in medical school, and a minimum of 3 years of postgraduate training, they are in their 30s, have hundreds of thousands of dollars in educational debt, and earn less than most middle managers. Their expenses continue to increase while revenues steadily decline. Physicians are understandably concerned about large Medicaid and Medicare reductions especially because private insurers are now decreasing private insurance payments by linking them to Medicare rates. Can medicine really expect to continue attracting the best and brightest students into the profession if the Affordable Care Act cuts are implemented?

The Affordable Care Act can provide health insurance coverage but cannot assure patients that when they call, a physician will accept caring for them. The Affordable Care Act's planned reimbursement cuts will make it difficult for physicians to respond. Patients, including those who are newly insured under Medicaid expansion and existing Medicare and Medicaid patients, will ultimately have less rather than more access to care. Surely patients and physicians deserve better.

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