

Primary care compensation needs more than a Band-aid

Feb 06, 2008 @ 07:40 AM

By WILLIAM A. JORGENSEN

Observer-Dispatch

New York's leaders face severe financial restraints, particularly the need to tackle soaring health care costs. In one critical area, however, they will need to invest more, not less.

This is because – as Gov. Eliot Spitzer noted in his State of the State address -- primary and preventive care hold the key to improving health care outcomes and reducing overall health care spending; particularly in an era when an epidemic of chronic illnesses, such as asthma, diabetes and hypertension, stroke and heart disease, has become the single largest source of poor health and of rising health care costs.

Providers underpaid

Despite overwhelming evidence that primary and preventive care—which are relatively inexpensive—reduce the use of expensive emergency rooms and hospitalizations, New York's primary care sector remains woefully underpaid.

A new report released last month by the Primary Care Development Corporation (PCDC) and RSM McGladrey shows just how woefully New York State pays its primary care providers, leaving them struggling to break even and the pipeline of new providers nearly empty.

At the Family Residency Residency here in Utica at St. Elizabeth Medical Center, of which I serve as director, we graduate eight family medicine residency trained physicians annually, but the number does not meet the statewide need.

The report shows that primary care providers serving low income populations in New York City lose money on every patient visit they provide, forcing them to use valuable time and resources scrambling to make up for the shortfalls with grant monies and other subsidies. There is reason to believe similar situations exist across New York State including Upstate.

When a patient goes to his or her primary care physician, the doctor files a reimbursement request with the patient's insurer (whether it's a private insurance company, Medicaid or any other insurer) for the services provided. What the report found was that, remarkably, for every single visit, the insurer reimburses the physicians less money than what the physicians or their organization had to spend out of their own pockets to provide the services and keep the office open.

Losses could be steep

The study shows that losses vary, depending on the type of provider and the site where the service is delivered. These losses range from a low of \$28 to as much as \$226 per visit on primary care delivery.

This leaves the physician in a poor predicament. Just to break even, the doctor has to scramble to make ends meet. With all of this in mind, it's a wonder we have any primary care physicians left.

For decades, experts in primary care and the healthcare industry have known that the reimbursement system for primary care providers was not reflective of services provided. But for the first time, this study has enabled us to see the precise shortfalls of the system in clear and quantifiable terms.

Reform needed

Fortunately, some elected officials and policymakers, such as Rep. Michael Arcuri, D-Utica, are paying attention. Now is the time that we have the chance in New York State to find a solution to this problem.

As we enter budget season in Albany, Gov. Spitzer and the Legislature have an opportunity to reform the way primary care physicians are reimbursed and the governor's office has indicated that fixing the reimbursement system is a top priority.

However, to properly reform the reimbursement system, the State must embrace the following principles, as recommended in the

report:

* Pay Consistently and Adequately: A new system must pay consistently and adequately for the reasonable cost of providing outcome-driven, patient-centered primary care across all provider settings. Consistency should extend to all payers and payment sources, but most especially those under State authority, including Medicaid.

* Be Transparent: A new system must allow us to identify precisely what is being purchased, at what price, and with what outcomes.

* Align Incentives: A new system must align the payment method to support patient-centered primary care by moving from paying for visits to eventually paying for outcomes after investing in improving access and care quality.

We need to encourage these efforts. Otherwise, the collapse of our primary care system will not become a question of if, but when.

William A. Jorgensen, D.O., is program director at the St. Elizabeth Family Medicine Residency Program in Utica.