

Third-Party-Free Practice: How and Why

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My Practice History

- Otolology, Neurotology and Skull Base Surgery
- Tulane University School of Medicine - Assoc. Professor
 - On every insurance in the book
- July, 2000 - Private Practice - James Soileau
 - The Ear and Balance Institute
- Shed some particularly poor paying plans
 - e.g. Mississippi Medicaid - glomus tumor \$500
- October, 2001
 - Opted out of Medicare
- 2002-2004 Gradually shed all insurance plans except BC/BS
 - usually q 6 months
- November, 2005 Eliminated BC/BS
 - Third-party-free since then

Why?

- Fun
- Less bureaucratic hassles
- Simpler business model
- Better quality patient care
- Elimination of the "worried well"
- Freedom
- Control over your practice
- Less stress
- Stability
- Morally correct

Objections to Third-Party-Free Practice

- Primary Care
 - "You can do it because you're so specialized."
 - "If I do it, they'll just go to someone down the street."
- Specialist
 - "I can't do it because my surgeries, tests, etc. are too expensive for patients. They won't be able to afford me."
- Generic
 - "It is immoral to deny medical care to those who can't pay."

"You can do it because you're so specialized"

- Patients want value for their money.
 - Usually that translates into time spent with them.
- Patients don't care about your background or training if you ignore their needs
- All physicians have value to offer to patients
 - niche
 - time/counseling
 - reasonable value

"If I do it, they'll just go to someone down the street."

- Yes, many will do just that.
- But some will stay with you.
- The ones that stay are truly your patients.
- The ones that leave were ones that you just thought were your patients.
- New patients will also show up. These will be the ones who have been mistreated by the current medical system. There are plenty of these.

"I can't do it because my surgeries, tests, etc. are too expensive for patients. They won't be able to afford me."

- Only if you charge unreasonable prices.
 - Price Adjustments
 - Office Visits
 - Procedures
- Some patients CAN afford you, but would rather spend their money on other things - season tickets, casino, vacations, etc.
- Some really can't afford it:
 - Charity care
 - Write off

"It is immoral to deny medical care to those who can't pay."

- **No one is denied medical care.**
 - Those who truly cannot pay for medical care have Medicaid
 - When you are third-party-free, YOU, not the government or some other third-party, decides when you want to give away your services for free.
 - You can give discounts and free care at your own discretion.
- Most medical treatments are not "life-or-death" issues, but "quality-of-life" issues.

Why Not?

- To make more money

How?

- Never start
- Cold Turkey
- Weaning-off

How?

Weaning Off - the Easy Way

1. Fiscally conservative life-style at home
 - prepare for personal income decline
2. Fiscally conservative at the office
 - Eliminate debt
 - Reduce FTE's
 - Resist the urge to hire a new associate
3. Assess actual revenue from each insurer based on expenses
4. Eliminate contracts that are most unfavorable
5. Reassess in 6 months
6. Repeat steps 3-5 until all third-party contracts are eliminated

Insurance Carrier Analysis

DataBenchMarx

www.databenchmarkmarx.com

Step 2:

Insurance Carrier Names:

Blue Cross

Cigna

Medicare

Yearly Totals

Charges

Receipts

Adjustments

\$ 184,400.00	\$ 117,000.00	\$ 44,000.00
\$ 255,500.00	\$ 204,452.00	\$ 43,382.00
\$ 361,204.00	\$ 135,350.00	\$ 204,230.00

Insurance Carrier %

Charges

Receipts

Adjustments

based on %

of Charges

per \$1 of

Receipts

23%	26%	15%	\$ 90,806.94	\$ 0.78
32%	45%	15%	\$ 125,819.81	\$ 0.62
45%	30%	70%	\$ 177,873.26	\$ 1.31

What Happened?

- Patient visits and revenue declined after each third-party dismissal
 - The bigger the insurer, the more noticeable
- Patient visits and revenue built back up
- Shift in referral patterns
 - Previously tertiary referral practice
 - Patient referral practice
 - Internet referral practice

"Patients who pay in advance are
always happier with their
surgery."

Anonymous Plastic Surgeon

"Patients who don't pay,
don't get better."

Anonymous Psychiatrist