

Opting Out of Medicare: a Very Rational Decision

The decision to opt out of Medicare is straightforward and easy, once you analyze the risks, costs, and benefits of taking part in this federal government entitlement program.

As with any such program, someone must pay for it. *There's no such thing as a free lunch*, the axiom popular in 1960s economics circles and quoted by Milton Friedman in 1976 at his Nobel Prize acceptance speech, is a reality.

The Medicare program has been likened to a Ponzi scheme. Current Medicare recipients take much more out of the system than they ever put into it. Taxpayers, doctors, and hospitals now share the enormous cost, but when this becomes impossible to bear, Medicare as we know it will no longer exist.

There are a number of reasons to opt out before the program's ultimate demise.

After moving our billing service in-house and no longer using an outside source, it became quickly apparent that in my practice Medicare claims were a huge problem. Not only was it difficult to get paid; many procedures were disallowed as being not "medically necessary," although clearly beneficial to patients.

In making such determinations, the government is essentially practicing medicine without a license. The decision-maker is certainly not a physician board-certified in pain medicine—and frequently is a clerk with minimal education. To be sure, there is a *physician* associated with the Medicare carrier, but this doctor has no training in my field of expertise. It is improper and unethical for a doctor without special expertise to override the decisions of a specialist. We have board certification and specialists for a reason – their knowledge is very specific and not common to all physicians.

Our analysis showed that while Medicare patients accounted for about 40 percent of our practice, the amount of corresponding revenue was 10 percent.

The overhead to treat Medicare patients was much higher than to treat non-Medicare patients. They typically have more medical problems, more difficulty understanding instructions, and require

more handholding from the office and the nursing staff than the average patient. My office nurse often had to perform social work in addition to her nursing duties. The number of Medicare patients necessitated an additional full-time nurse, physician, medical biller and receptionist, and a part-time nurse-anesthetist and radiological technician. The math quickly shows that this is a money-losing proposition.

Although physicians are trained to be healers and are not given courses in the economics of running a practice, we do live in the real world where we must pay liability insurance premiums (which have increased substantially this year), rent, salaries, and payroll taxes, and incur the cost of medications, equipment, office supplies, telephones, computers, and other essential practice items. In my practice it was not economically feasible to practice excellent medicine and also continue to treat the Medicare population.

Physicians' overhead continues to increase annually. Medicare reimbursement decreases annually. Overhead is unduly high in part because of onerous and oppressive government regulation. The more-than-132,000 pages of Medicare regulations require almost every office to have a compliance program and other wasteful and costly measures. Attorney and consulting fees range in the thousands to several tens of thousands of dollars. An entire industry specializes in these services!

Most doctors are bombarded by mailings, telephone calls, and e-mails urging them to attend costly seminars and hire consultants in order to comply with HIPAA, Medicare rules, and CPT coding. However, the doctor, not the consultants, is personally liable for any repercussions from implementing these consultants' advice. In addition, threat of a Medicare audit with stiff penalties and possible accusations—and conviction—of fraud and abuse weighed heavily in my decision to opt out.

An increasing number of incidents occur in which doctors are unjustly prosecuted and even incarcerated for errors in coding. It is virtually impossible for any human being to be fully compliant with all the rules. The Office of the Inspector General (OIG) did an interesting study in 2001. An OIG Chicago office representative presented the data at the AAPS annual

meeting in Cincinnati that September. The conclusion was that about 60 percent of the time Medicare representatives, advising doctors and staff on frequently asked coding questions, gave erroneous advice. Medicare itself does not know all the correct answers to coding issues, and yet physicians are held to this impossible standard!

One of the very few reasons *not* to opt out is the possible loss of referrals from other physicians. This factor was carefully evaluated, and it was decided that the practice was healthy enough to withstand a loss of all referrals from all physicians. Many physicians have determined that the best patient is the self-referred patient. With the popularity of internet access, many patients do their own research online and independently decide which specialist to consult.

After seriously considering the risks and benefits, I decided to opt out of the Medicare program in September 1998. My only regret is that I did not opt out earlier.

I have greatly reduced my overhead and aggravations. Practicing medicine is now unfettered. The focus is now on patient care and not on Medicare's ridiculously ambiguous rules. Most importantly, I do not have to think about the constant threat of unjust accusations of billing fraud and abuse.

I encourage all physicians in the Medicare system to consider opting out, thus restoring some respect to our noble profession. The Medicare program treats physicians maliciously, as proven by witch hunts and a seriously flawed reimbursement system.

Medicare even calls us "providers" rather than physicians or doctors. If we want to remain physicians in the tradition of Hippocrates, our choice is clear.

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