

# Healthcare IT News

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## **Economy's Impact on Physicians the Talk of MGMA**

**By Richard Pizzi, Contributing Editor 10/23/08**

SAN DIEGO - The 2008 Annual Conference of the Medical Group Management Association met here on Oct. 19-22, and much of the talk centered on how to keep physician practices profitable in the face of economic recession.

"I think the issue is how do physicians spend less but get the most impact," said Glen Tullman, CEO of Chicago-based AllscriptsMisys Healthcare, in an interview with Healthcare Finance News.

Tullman said the relaxed federal Stark regulations could prompt hospitals to subsidize electronic health records for physician practice, even in tough economic times.

"I still believe hospitals will invest in ambulatory systems for physician practices, because although they're unlikely to engage in large capital projects – given the economy – information technology offers a high return for a relatively low investment," Tullman said, noting that the relaxed Stark regulations could help struggling physician practices remain "independent."

David Henriksen, senior vice president and general manager of McKesson Physician Practice Solutions, agreed that the financial crisis had hit practices hard, and said the industry needed to be concerned about the "vitality of the small practice" as well as the large.

"Providers in small offices will need to do some creative things so as not to lose money." Henriksen said. "Physicians will likely continue to get squeezed from the financial side, so the new administration and Congress will have to address tort reform and the problem of the uninsured. But I still think that in about 10 years, approximately 70 percent of the physician community will look exactly like it does today."

A major problem for many physician practices is that they do not operate like other businesses, said Justin Barnes, vice president of marketing and government affairs at Greenway Medical Technologies.

"Practices get only about half of what they bill," Barnes said.

"And in fiscal year 2010 we'll be looking at an even greater Medicare rate cut than we've seen in the past. Practices can't continue to leave money on the table. They'll have to get better at collections, primarily by using information technology."

Craig Bakken, CEO of Rocky Mountain Gastroenterology Associates in Lakewood, Colo., said another major issue facing physician practices is the increasing shift of healthcare costs from payers to patients.

"There has been a massive shift in the amount of self-pay responsibility for patients," Bakken said. "It's creating a wholesale revolution in the way practices handle collections. There's going to be greater emphasis on up-front payments, and patients do not react well to that. A lot of physicians don't like to put pressure on patients to pay up-front."