

# From my perspective

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**A**fter hearing from hundreds of surgeons by e-mail or letter, or through personal contact, it is clear to those of us who comprise the College's leadership that socioeconomic issues continue to take a significant toll on surgical practices. It doesn't seem to matter whether a surgeon is at an academic medical center or practicing in an urban community or in rural America—the stark reality is that there are significant financial implications associated with running a viable surgical practice today.

Surgeons now are expected to understand economic and business theory, in addition to clinical surgery and science, if they intend to run a successful practice. In many ways it is sad to see the principles of market economics overtake the profession's long-held emphasis on the precepts of quality, self-regulation, education, training, and patient care. The reality, however, is that we are witnessing the transformation of American surgery from a profession to a business. Simply stated, we are seeing the corporatization of American medicine and surgery.

## *Identifying the pressures*

Perhaps the most obvious socioeconomic burden affecting surgeons today is the continuing fluctuation in reimbursement for services provided under the Medicare program. Each year, Medicare bases the formula used to calculate payment for physicians services on elements that are outdated, flawed, or beyond a surgeon's control. The resultant reductions in reimbursement are creating great stresses on the house of medicine, and the profession has attempted to respond appropriately. Nevertheless, we will clearly need to work patiently and persistently with the federal government to resolve the payment issues.

In addition to concerns about Medicare reimbursement, other stressors inhibit the ability of surgeons to remain focused on the values and ethics instilled in us when we entered this profession. Indeed, the issues affecting the surgical profession come from many directions and take many forms, including compliance with regulatory reforms, the professional liability crisis, lifestyle issues, competitive forces, and concerns about the viability of many of the hospitals and other providers of health care, especially in rural America.



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## *What surgeons can do*

What can surgeons do to counteract the societal and economic demands that so profoundly influence their practices and livelihoods? Clearly, one of the most important steps we need to take is to become more savvy with respect to practice management techniques. This area is uncharted territory for most of us, and, quite frankly, it interests few among us. However, due to the current circumstances, surgeons must become more attuned to effective management techniques or join health care networks that have greater negotiating power.

Many surgeons are opting to pursue the second alternative, forming specialty or multispecialty groups and creating a larger geographic footprint with a greater share of the market and thus gaining more bargaining influence. Robert L. Howisey, MD, FACS, and Martin B. Durtschi, MD, FACS, have written about how they and other surgeons have effectively applied this concept in Washington State (see “Surgeons offer survival strategy

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for the new millennium,” *Bulletin*, November 2001, p. 24, and “Medical practices update” in “Letters,” March 2002, p. 51).

Other surgeons are joining well-established systems that hire other staff to handle their business interests. Both models ensure that the surgeon’s business needs are met without requiring their direct involvement.

### *College efforts*

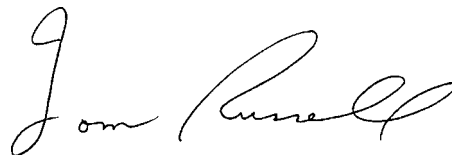
In addition to forming group practices, surgeons must become more knowledgeable about the basic business skills that are needed to manage a practice. For more than a decade, the College has offered programs for active surgeons who are trying to effectively cope with the changing demands on their practices. Current workshop topics include coding and practice management for surgeons. The latter course is conducted by two Fellows of the College—Charles Mabry and Frank Opelka—and came out of discussions by the General Surgery Coding and Reimbursement Committee, which is chaired by John Gage. In addition, we provide a coding hotline and seminars on issues such as compliance with the Health Insurance Portability and Accountability Act regulations, Medicare updates, and negotiating third-party contracts. These are all examples of courses and activities intended to further practicing surgeons’ business acumen.

It is important, however, that we bring this training to young people who are preparing to face the realities of modern-day practice. The College is responding to this need by broadening our practice management course selections to include programs designed for residents, so that we can get them thinking not only about clinical problems, but about negotiating contracts, financial planning, and so on. This sort of curriculum is woefully missing from our educational activities today and, yet, is so key to the professional survival of our future leaders.

The College also is attempting to help surgeons understand the concept of efficiency of scale. Successful practices need to take a hard look at the cost of doing business today. Hospitals have been doing serious cost analysis since the late 1980s, when they began to receive payment based on a prospective payment system. Firms such as the Hunter Group advise hospitals on ways to significantly cut their costs. Surgical practices need to

start seeking similar expert guidance to examine the expenses associated with personnel, benefit packages, the use of electronic medical records, and more mundane matters, such as phone service and cell phone contracts. Surgeons also may need to start instituting cost accounting policies for each member of a group to achieve more significant cost savings.

Unfortunately, the practice of surgery today is as much a business as it is a science and an art. Thus, we must be willing to consider changing our practices to incorporate continually evolving practice models and viable business plans that will allow us to enjoy the privilege of being a surgeon while running a fiscally responsible practice. The College stands ready to help its members and will focus its attention particularly on the needs of younger surgeons, as they are about to enter a very different world than many of us have experienced in the past.



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If you have comments or suggestions about this or other issues, please send them to Dr. Russell at [fmp@facs.org](mailto:fmp@facs.org).