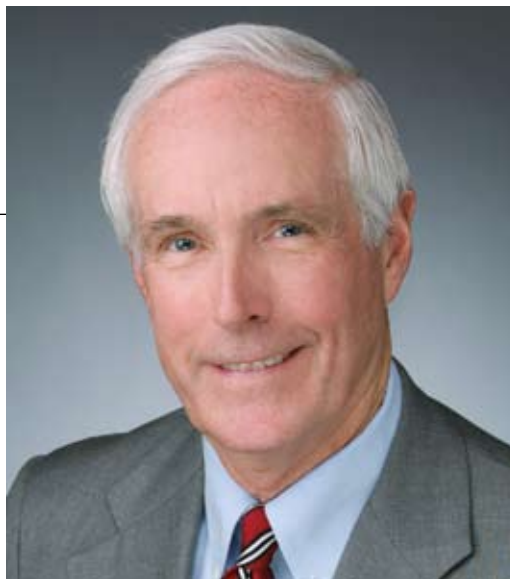


# From my perspective



**T**here no longer is a pot of gold at the end of the rainbow for any surgeon in practice today. No matter how hard the College works to prevent further cuts in reimbursement and to offset other factors that are having a negative impact on the work we do, reimbursement rates remain, at best, neutral, while the cost of maintaining a practice continues to rise. Young surgeons are entering the profession deeply in debt and worried about how they will pay off their loans, send their children to college, and then retire with a comfortable lifestyle. To put it mildly, surgical practice for all surgeons is far more complicated than it used to be, so we must become smarter and more sophisticated about how we run our practices and manage our personal finances.

## *Reimbursement*

For several years now, surgeons and other physicians have dodged Medicare payment cuts by persuading Congress to intervene and replace the significant decreases with nominal increases. And just before their holiday recess the U.S. House of Representatives and the Senate passed different versions of the Deficit Reduction Act of 2005, S. 1932. Both renderings of the bill included provisions that would have averted the 4.4 percent across-the-board reimbursement cut and frozen 2006 physician payment at the same amount paid in 2005. However, the House and Senate versions of the bill varied in a number of other respects, and Congress adjourned without reconciling their disparities. At press time, Congress was scheduled to reconvene January 31, but it was unclear whether or how soon the interim Medicare payment fix would be enacted. Also uncertain was whether any legislation passed early this year would apply retroactively to services provided on or after January 1. The College and its medical and surgical specialty society partners intend to redouble their efforts in 2006 to advocate for true Medicare reforms that will bring financial predictability to surgical practices.

**“ Surgical practice for all surgeons is far more complicated than it used to be, so we must become smarter and more sophisticated about how we run our practices and manage our personal finances. ”**

However, this entire scenario points out how difficult the political process can be and that there is no automatic or easy fix to problems like this one, despite the vigorous best efforts of the College and other surgical and medical groups.

I should point out that the federal government is strongly considering reversing across-the-board physician pay cuts by eliminating the sustainable growth rate (SGR) component of the formula used to calculate reimbursement, and replacing the methodology with pay for performance (P4P), or value-based purchasing. The SGR sets a target for growth in Medicare spending largely on the basis of the expansion in the national economy, whereas P4P would link reimbursement to efforts to improve quality of care.

To have a positive impact on the movement to-

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ward P4P, we need to continue to work diligently on developing reasonable outcomes measures for inpatient and outpatient care. Surgeons need risk-adjusted information about how their outcomes compare with those of other physicians who perform similar procedures. The Centers for Medicare & Medicaid Services (CMS) is receptive to surgeons' involvement in crafting P4P and acknowledges that we are creating a rational approach to measuring outcomes in surgery through the College's National Surgical Quality Improvement Program (NSQIP). CMS has accepted NSQIP measures and has incorporated them into its Surgical Care Improvement Project (SCIP), which the agency is likely to use in crafting P4P for inpatient surgical care. The College is also involved in the efforts of the Ambulatory Quality Alliance and its subgroup, the Surgical Quality Alliance, to develop the metrics for evaluating outpatient care.

Individual surgeons need to participate in these efforts if they want to see a potentially fairer and more reasonable approach to reimbursement emerge. They need to share and analyze their outcomes data for both inpatient and outpatient procedures, so that we can help to construct a system that focuses on quality and cost-effectiveness. If we fail to participate, we can only expect to continue to see our level of payment decline.

### *Practice management*

In an era of growing practice expenses, it also is very important that surgeons become more knowledgeable about the "business" aspects of surgical practice and how to run their offices efficiently. The American College of Surgeons has several resources that can help in that regard.

For instance, the College offers the two CD-ROM set "Practice Management for Residents and Young Surgeons." This electronic resource—which is an outgrowth of the College's very popular manual *Practice Management for the Young Surgeon* that was published in

1995—is designed to educate and equip residents and young surgeons who have recently started practice with the knowledge to manage their personal surgical future. The CD-ROMs focus on issues such as how to select a practice type and location, how to successfully manage the mechanics of setting up or running a private practice, essentials of an academic practice, how to guide your career, and the basics of surgical coding. Another CD-ROM we've developed to meet the needs of our younger colleagues is "Personal Financial Planning and Management for Residents and Young Surgeons." This CD-ROM features an interactive course in lecture format that is designed to educate young surgeons on basic financial management skills and prepare them to manage their personal and professional financial future with a focus on issues such as debt management, successful investing, and selecting a financial advisor.

For its members of all ages, the College has offered a number of workshops focused on coding, insurance claim processing, and regulatory compliance for well over a decade. Moreover, the column "Socioeconomic Tips" appears in the *Bulletin* on a regular basis and is prepared by our Washington Office staff and our consultants in an effort to answer questions that surgeons have about billing and the efficiency of their offices. During the Clinical Congress and Spring Meeting, we offer sessions on related issues, and we support an ACS Coding Hotline (800/ACS-7911), which surgeons and their office staffs can use to get answers to questions about billing issues. And, finally, the College has contracted with Economedix, a consulting firm, to offer regular teleconferences on coding, avoiding fraud and abuse charges, and other practice management topics.

I urge surgeons and/or their office staffs to participate in all of these educational programs on a regular basis in order to gain a better understanding of how to run a cost-effective and efficient practice.

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## *Investing*

Surgeons also need to put serious thought into how they can ensure their long-term financial stability. They need tools that will help them manage their investments, plan for retirement, ensure their children's college education, and satisfy their other financial obligations. They also need to have access to high-quality life, disability, and health insurance, as well as long-term estate-planning vehicles.

The College now offers reliable life, disability, and health insurance coverage through a program underwritten by New York Life Insurance Company. In addition, we are working with Cambridge Associates of Boston, which successfully manages the College's endowment fund, to develop a proprietary investment vehicle, or mutual fund, as a benefit of membership for individuals. We anticipate that the advantages of investing in the fund will include the following: (1) professional, institutional quality management, which will allow rebalancing; (2) diversification by asset category and security; (3) favorable and convenient investment and redemption capabilities; (4) direct offering to investors without sales charges, brokerage commissions, or third-party intermediaries; (5) a payroll reduction savings program; and (6) clear and understandable reporting. Details on this new member benefit program will be announced later on this year.

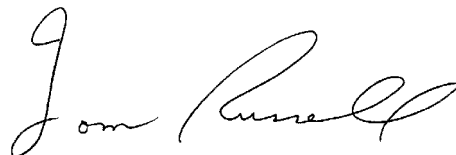
## *The future is in your hands*

The bottom line is that surgeons simply can no longer afford to ignore the business-related aspects of practicing surgery. Individual surgeons and practice groups must become more sophisticated in that regard. We need to either become knowledgeable about reimbursement, coding, investments, and so on, or we must make sure that we hire people who are highly skilled and can address these issues for us.

The College is working to provide its members with the services they will need to secure their

financial stability now and in the future. We are doing all that we can to provide you with tools and services that will help you reach that goal. However, you must be an active participant in this process by utilizing these services and incorporating them into your practice.

If you have suggestions regarding other services we can offer that will help you succeed, please share them with me or other leaders of this organization.



*Thomas R. Russell, MD, FACS*

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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).