

Ep #241: My Response to Dwindling Insurance Payments to Private Practices



Full Episode Transcript

With Your Host

Dr. Una

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Hi docs, welcome to *The EntreMD Podcast*, where it's all about helping amazing physicians just like you embrace entrepreneurship so you can have the freedom to live life and practice medicine on your terms. I'm your host, Dr. Una.

Well hello, hello, my friends. Welcome back to another episode and we are going to have a really great conversation today. I was reading about the proposed reduction in the physician fee schedule for 2023, which is next year, at the time of this recording it means next year. And I started thinking about it, I was like, what a world.

In a world where there is hyperinflation and where it is so much more expensive to have a team, right? It costs so much more to cover payroll and all of that. And we've gone through almost three years of a really hard time with a pandemic. CMS comes up with this and their idea is like in the presence of all of this, like the cost of doing business is so much higher and we think that the most brilliant thing to do is to reduce how much we pay you, right?

And so, you know, business is math, you guys know I talk about that. And math is math. So in other words, we just want you to eat the cost of everything. Okay, so many, many, many hundreds, probably thousands of practices go out of business every year because it is hard to manage a business with really high overhead and reducing reimbursements, this is before the pandemic.

And with everything we've had to do because of the pandemic running, business has just been more expensive. And then with the great resignation what we pay staff has gone up. And on top of that, there's hyperinflation. And yeah, our executive decision is we're going to reduce that.

And I wanted to come on and address that because we're going to respond to that, okay? There's going to be a response to it. And I thought about it, I

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thought about five different responses we can have, of course there's more, but these are five because I want you to still be in control. I want you to have a private practice that you love. I want you to still work your cash flow. I want you to still be profitable. And, of course, I'm 1,000% committed to your success.

So let's have a conversation around it. Okay? So there's a way to look at this, and like I said there are five things I pulled up that you can do. The first thing you can do is you could do nothing. You could make no changes. You could stay angry, bitter, you can complain a lot about it, but not make any changes. And that is the one option that I'm going to say you don't want to take, okay?

There's going to be a lot of conversation about it on social media. People like I don't know why this hack is happening, we should do this, somebody should do that. You guys know there's nobody like somebody, right? And so it's taking the position of a victim, and we are not victims.

We are physicians, we went to medical school, we gave up at least a decade of our lives for our medical training. Many of us went into multiple six figure debt. And we did it because we believe. We want to really help people and we want to have financial security while we do it.

And so we're still going to have that, we can still have that. We are not victims. We have control over our own fate, we have control over our practices. And this is the one thing I'm going to tell you don't do. Don't sit and gripe and complain about this and not make any changes. Okay, so that's one option. Many, in fact I won't say the vast majority, but many will take that. Don't do it. And spread the word, don't do it, okay?

So that's the first one, the second one is you can choose to play the volume game. Okay, you can choose to play the volume game. And what does that look like? Well, they are reducing, again, this is math, they are reducing what they pay us and so something has to give so that I can still

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stay profitable. At the end of the day revenue, right, minus expenses equals to profit.

This is an equation, okay? And so if they tell you we're going to decrease your revenue, well, if they decrease your revenue and your expenses stay the same, you either have less profit or no profit, or you're going deeper and deeper into the hole every month. Which none of those scenarios lead to you being able to continue to serve your patients at the highest level.

Okay, but if you look at the same equation and you want the constant to be your profit, right? Then if the revenue goes down, then your cost of doing business, your expenses will need to go down somehow, okay? And so you may decide I want to play that game. And that may look like well, that means I increase the volume of patients that I see, if that's something that is doable for you, right?

Many people are capped where seeing more people is not necessarily helpful. Okay, it might be a time to go do an audit. And initially, your response may be I pay the least for everything, right? Like what I pay is what I pay. But everything is negotiable, the worst that will happen is they say no. And so you can run an audit of your expenses.

What are the things, knowing what I now know what would I start? What would I stop? What would I keep? What would I negotiate? People, especially if you're bringing in volume, when you have volume, you have bargaining power, right? And so if you're spending a lot of dollars on something, you can negotiate.

People have negotiated with Stripe to say, hey, we are funneling \$2 million through your stuff. Give us something or we've already researched this person and we're going with them, okay? So you can do an audit, and you can decrease your expenses.

Now, let me say this, when you're reducing your expenses, you are not reducing things that are required for the viability of your business, right? So

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don't look at your marketing budget and say, oh, we're going to slash that, except the marketing is not working, right? But if it is, then you should keep it.

Don't slash critical team members, don't try to get people off payroll, right? Rather, just make sure everybody who's on your team is a profit center, right? They're pulling their weight to bring in revenue, right? And there are ways of doing that, we talk a lot about that in the EntreMD Business School. But you want to make sure everybody is pulling their weight to ensure the profitability of the practice, okay?

So don't cut team, don't cut marketing, don't cut your personal development, right? And so don't cut coaching, right? Why? Because, for instance some people, from this episode, they are going to get what they need to thrive in private practice in 2023, okay? The people in the business school, when there's like there's a recession coming, I am at the forefront, I am listening to the experts, I'm finding out what's working, so I can bring it back to them.

You do want to have a competent guide on your side, okay? So you don't cut that, that's not part of what you slash. It's not about going and slashing everything. It's about doing an audit looking for, there are probably tons of subscriptions you have not used in months, maybe even years, but they're just there, just sitting, right?

There are things that you believed, oh, this will be the best thing since sliced bread, hasn't played out that way, you've been doing it for 10 months, maybe it's time to cut it. So you can do an audit, okay?

So you can increase your volume. You can do an audit on your expenses. You can choose to bill better, right? So you're getting paid for the work that you do do. Like if you are somebody who is in primary care and all your codes are 99213s, it's time to maybe go and look into how to bills fours and fives.

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And not to make them up, but you will find so many opportunities where that could have been a four, that could have been a five, but I billed it as a three. Now it's time that you can't play that game anymore, right? So you want to get better at your billing.

You want to get better at efficiency, right? So you're getting more done in less time, which is also staff hours, man hours, payroll, all of that stuff. You want to get better at capturing your visits. So if there's a lot of free work you used to do, be on the phone for all these things, prescribing over the phone, which is not good medicine to start with and it hurts your bottom line.

Things that people call for that could be visits or could be telemedicine visits that you're just doing just because, it's now time to become better at capturing what could be visits. Do you see what I mean? And so you just want to play the game, the numbers game, the volume game, just play that game.

Okay, that may be your decision. There's no right or wrong. That's a great decision, okay? And you say okay, I'm going to put these five things in place and if I do them, then my practice would, you know, it's insurance based but we've made some adjustments and we will thrive in spite of it. Okay, so that's number two.

So number one is make no changes. Number two is play the volume game, the numbers game. Number three, you can decide to drop insurances, right? Maybe you've been thinking about it and you're like, well, now I'm going to do that, I'm going to get rid of the middleman and I'm just going to do cash. Whether that's a direct primary care model or that's a concierge model, okay?

And that way, the advantage of it is, wow, it takes away a lot, right? It takes away the biller, it takes away all these conversations you have to have with insurance companies, it takes away a lot of stuff. And you could end up

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seeing fewer patients, spend more time with them. And you could potentially earn more, right? Better quality of life, if that's what you're looking for.

And if you do that, there are a few things that you have to consider before you do that, okay? Is it a workable model? Yes, we have many doctors thriving in the DPC world, even as specialists, even a specialists. We have many of them the EntreMD Business School, so it is a workable model.

However, you must be very clear that this is very different from an insurance based practice. It is very different, there are three things that I believe you have to be very comfortable with, okay? One is marketing because remember, you are telling people in a world where people are used to paying insurance premiums, you're telling them that they should come pay you directly, okay?

And many of them already carry insurance because, you know, if they have to go to the hospital, all this other stuff. They're already carrying insurance and you are telling them that they should come and pay you directly. Okay, for some it's a very different model. You need to learn to talk about it. You need to learn to communicate it, communicate your value and all of that. You need to be comfortable with marketing.

You also need to be comfortable with selling, okay, which is making the ask. You have to be comfortable. A lot of times as physicians we feel selling is not professional and all of that stuff. And I am going to do more and more episodes on selling. I recently did one on how to sell confidently, so you want to go back and listen to it. But you want to be comfortable selling, okay?

And even if you're not comfortable, you have to own that this is part of the job. If you're going to do cash based, marketing is part of the job, selling is part of the job. And you've got to get comfortable talking about money. You've got to get comfortable asking for money. You have to get

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comfortable holding people accountable when they don't want to pay their membership fee and all of those things.

So these are things that typically a lot of people don't have to deal with, well they have to deal with it but not as much as with a cash based practice. Is it a problem? No. I mean, you learn many things, this is just one more thing you'll learn. You've done many uncomfortable things, this is just one more uncomfortable thing you'll do until you become comfortable, okay?

So you can decide, forget it, I don't do insurance anymore, right? I'm concierge, I'm direct primary care, that's the way I'm responding to this. Okay, so that's the third one.

The fourth one, you may decide, you know what, I don't want to do this anymore. All right, you may decide I want to sell my practice. I don't want to do it anymore. I want to sell my practice, take all of that, put it in passive investments and just do other things. There are other things I want to do, so I want to sell my practice.

Now, if you're going to do that, you want to do it from a standpoint of this is a calculated decision. This is not I got frustrated, can't take it anymore, I just want to get rid of this practice, right? Because that energy comes through, you will not set up your practice to get the biggest buyout. And that energy rubs off, it's a desperate dump and people can pick up on that, right?

And that's not the way you want to walk away, you want to walk away like a boss, right? You want to make a decision. And so what that means is, if you're going to do that, and that's great, that's amazing if that's what you want to do. That's your calculated decision. You may go like, wait, I was planning to retire three years from now, right? So why don't we just bring three years closer? That may be your decision and that is fine. That is totally fine, okay?

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But hear me, if you're going to do it, you don't want to dump your practice. You want to prep your practice to sell your practice, right? And that means you want to get your books in order. That means you want to build a team that would be there even if you're not. That means that you want to start distancing yourself from the practice in a sense, so that you can demonstrate that the practice can survive without you, right? And so you want to start doing all of those things you want to prep it to sell.

Now, two things will happen. One, you can prep it to sell and you're able to sell it at a really good price. Or you may prep it to sell and in the process of prepping it, you've built it up, you've made it more efficient, you've made it more profitable, your books look amazing. And you may decide, forget it, I want to keep it, right?

One or two things may happen but if that's your decision, it's a calculated decision, and then you start working to prep it. Same way if someone's going to sell a house they stage the home, they do all these things. There's some repairs knowing that I can put \$10,000 into this repair and because of it I'll be able to raise the house price by another \$40,000, so it's worth it. It's the same way you're going to prep your practice to sell. So not just the building per se, but the processes, the structure, the team, all of that, okay?

So that's the fourth thing you can do. The fifth thing you can do is you can lead an advocacy campaign to expose the foolishness of the things that are happening, right? So to expose it and ultimately reverse it, right? And this is so important because please hear me, everybody is wired for some kind of mission, okay? And we evolve in our understanding of what that is. And so we will do it at different capacities in different stages of the of our lives.

For me, I'm very clear that at this stage in my life my mission is directly towards the physician to help the physician realize you are not stuck, you are not a one trick pony, you are not an inferior entrepreneur. We can build the biggest and best businesses that serve the most people and generate a ton of revenue, okay? I'm like, you can do this, that's my mission.

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But someone listening to this podcast, your mission may be advocacy, your mission may be it's me against the insurance companies. I feel like they are oppressing physicians and I feel like they are hurting the healthcare space, and that's what my call is. That's what my call is. They are going to hear the voices of physicians, we are going to have a say there, et cetera, et cetera.

If that is you, I'm inviting you to rise to the occasion. That may look like petition signing, I don't know what that looks like because that is not my area, right? But there's somebody listening, that is your thing. You have access to those places, you have access of how to galvanize people, you have access to news outlets where you can tell the stories of physicians and what is going on, you could do that.

If that is you, lead it. Everybody is looking for leaders, okay? And we can all be leaders, right? I can be a leader in my right, you're a leader in your right, you probably support me on the EntreMD movement, and I'll support you on your movement. But I can't be an arrowhead for that because that is not my mission.

Do you see what I'm saying? And so if you're listening and that is your mission, I'm inviting you to embrace your mission and tell us about it and we'll support you because we need all hands on deck in the physician community, okay?

So number one, you can decide to make no changes. Number two, you can decide to play the volume game. Number three, you can decide to drop insurance and go cash, you know, and build a cash based practice. Number four, you can decide to sell your private practice. Number five, you may decide to lead an advocacy campaign. Okay?

The only one I will recommend you do not do is number one. Okay? That's the only one I'll recommend you don't do. The other ones, it depends on you, it depends on your stage of life, it depends on how close to retirement you are, it depends on your personal preferences and all of that. Okay?

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So I want to invite you to make a decision based on the outcome you want. Say you're like, nope, I love my insurance based, like insurance companies, we'll have to work that out and what's going on with the payments and all of that stuff, but I don't want to go to cash and that's fine. So you take all these other things we talked about, implement them, and keep your profit margins the same.

You may decide I've always secretly wanted to go to cash based, and this is a push I needed. Go for it. You may decide I've always wanted to sell, go for it. Not out of frustration, this is your calculated, strategic decision, right?

And so you're not helpless, okay? So yes, this is coming. It may not come, let's say Congress is like, don't do that, right, because our advocacy people did their job, right? But whichever way, you're in control. You don't have to be afraid. When people are posting about that stuff please link to this episode and put it in the comments so other doctors can see, right?

But we are still in control. Okay? We're still in control here. All right, so we're going to go on offense. We're not going to play the victim because we're not victims. So go make a decision and I want you to take this episode and I want you to share it with every physician you know who's in private practice and you're like, here you go, got to listen to this. Okay? Got to listen to this.

We are in control, we are not victims, we are still going to thrive even with this, right? And it will get better because physicians are rising, we're not rolling over and playing dead anymore. Things are changing. Remember what we say in the EntreMD world, 2025 is the year of the physician because by then this would have all tipped. All tipped.

So we're doing the hard work now so that 2025 will be like, boy, I mean, we said it, but man, does it look pretty. Okay, so share this episode with another physician. And I just want you to think about it, right? They do what they do, but either you kept your practice, it's insurance based, you kept it

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that way but you were able to work these other things so your profits stay the same, you're able to maintain that or even increase it, right?

Or you went to private, you went to cash pay, and that's what you wanted and you have a smaller panel and you just love it. And you learn to market and sell, and you're comfortable talking about money, imagine all of that.

Or you sold your practice are you prepped it to sell and decided uh-huh, it's too good, I'm going to keep it. And you realized I'm the advocacy person. I'm the man for the job, I'm the woman for the job and you lead a movement. You lead a movement for better pay from insurance companies for private practices and you started making a dent there.

That's the physician community we're in now. We don't roll over and play dead, we respond to things. Not react to things, we respond to things. And we're not victims. We make strategic decisions and we change things. So I'm so honored that you're a part of the movement and together we are changing medicine. And together we are taking back control.

So thank you for what you do. Share the episode, make a decision, carry it out. And I cannot wait to celebrate us thriving in private practice in 2023. All right, I'll see you on the next episode. Thank you for listening.

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