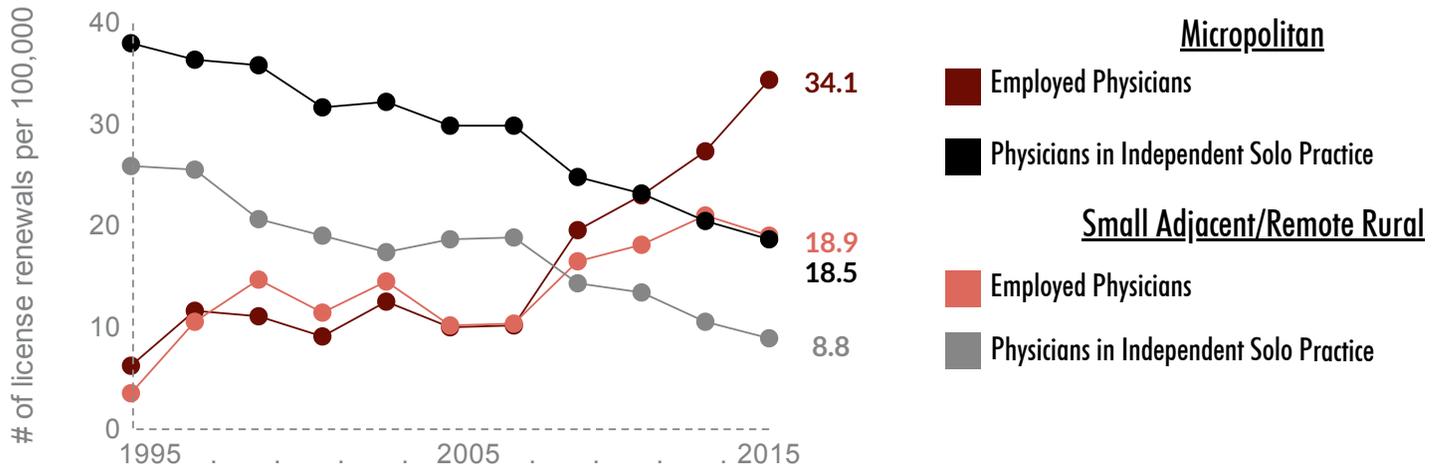


Through the Eyes of Rural Healthcare Providers: Perspectives of Changes to Practice Ownership and Management

RURAL & MINORITY
Health Research Center

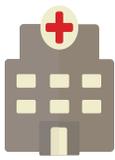
Among rural counties in South Carolina, the landscape for physician practice organization is transitioning away from self-employment in solo practices toward employment by a private employer.



"I believe that the future in medicine is for physicians in hospitals to be working together and physicians to be working for hospitals. The day of the solo or group private practitioner is a thing of the past, and you know, there are efficiencies involved in rolling all of that into one where the hospital and the hospital's providers are hopefully working together to provide high quality care but at lower cost."
~Physician working at a hospital-owned practice

Results from Interviewing 12 Rural Healthcare Providers

Remaining Independent is Becoming Increasingly Difficult



Physicians who work in hospital-owned practices choose to do so because of:

- Complexity of administering/maintaining an independent practice
- Concerns with changes to healthcare and reimbursement rates
- Strong benefits package and stable salary

"We did not want to cut the staff benefits, so we looked at going with the hospital in order to preserve their benefits and their packages, health insurance and things like that, and that's really what finally made the decision."



Physicians in independent practices express difficulties with:

- Revenue stream
- Reimbursement rates for services provided
- Frequent changes to insurance company and Medicare requirements

"Chronic care management is becoming a big issue in primary care, so that [requires] a lot of staffing and you're not always making extra money because you're hiring additional people to keep up with ...the qualifications. And so it is harder to do that in an independent practice versus a hospital."

Increasing Difficulties with Recruitment or Finding Someone to Take Over Rural Practices



Physicians in hospital-owned practices choose hospital employment because of the solid support to keep the practice operating after retirement or death.

"I was having health issues and, you know, possibly approaching the end of my career, but there was [no one] that wanted to come in and be a part of a private practice. ...[Now] if I can't go back to work, the hospital is probably gonna be better able to recruit than I would be able to."



Physicians in independent practices are unable to match the benefit packages and salaries offered by hospitals.

"The hospital systems pay much more than you can possibly make in an office environment because they can generate money on the lab tests and the hospital stays and the surgeries and all the other sides of it. ...So it's impossible to recruit anybody to join a practice just because of the financial difference."

Hospital Ownership Means a Loss of Autonomy and Independence

By becoming a hospital employee, physicians give up their ability to make decisions regarding their practice. They "can make recommendations, but it's not [their] decision anymore" and this seems to be difficult for some physicians.



"The challenge I guess number one is that you give up the autonomy.

In an independent practice, there is more control over what decisions are made and those decisions are made much faster because there is "ongoing communication" between partners or the physician and their office staff.



"Again, the big one is control. And to see my patients the way I want to see them, to be able to not charge a patient if I am concerned about their financial situation, and the ability to control my schedule."

Transition to Hospital Ownership has its Positives and Negatives



Perspective from physicians in hospital-owned practices:



- + No impact on patient mix
- + Additional resources and staffing
- + Improvement to the financial viability of the practice



- Fragmentation of management
- Frequent changes to how physicians are paid
- High turnover in staff including the termination of long-term staff to save money
- High turnover in practice ownership

"... when the hospital took over, billing went one place and payroll went another place and ordering of supplies went another place, and nobody really knew whether you were making enough to pay for what you were generating."

How do you think your practice will look in the next 3 to 5 years?

Perspective from physicians in hospital-owned practices:



Physicians and hospitals will be "working together as part of a unit"

Closure of practice may occur

"Bogged down by issues associated with computers and with changing computer systems"

"Just a lot of complicated stuff that's coming in that's making it difficult ... it's almost a perfect storm. I think you're going to be stuck with several health clinics in rural areas and nothing else in the coming years. ... Just difficult for everybody to keep up, harder to admit patients to hospitals, you know, big storm brewing."

Perspective from physician in independent practice:



Group Practices

- Continue to invest in technology
- Focus on reimbursement for outcomes
- Foresee expansion of practice

Solo Practices

- Stable (not growing or shrinking)
- Continued difficulties with recruitment of new physicians

"The biggest challenge [for the future] is recruiting physicians that wish to work in a rural area that understand that the salaries are going to be a whole lot less than it would be in [the city]. The hours are going to be longer simply because you handle everything here in the office."

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