

LUGPA News

Celeste Kirschner, CEO; Evan Goldfischer, President

LUGPA, Chicago, Illinois

LUGPA Board Member Testifies on Hospital Acquisitions

On May 23, 2024, Dr Timothy Richardson, a member of LUGPA's board of directors, testified before the US House Committee on Ways & Means' Subcommittee on Health about the negative impacts of hospital acquisitions on independent physician practices.

During the subcommittee's hearing, "The Collapse of Private Practice: Examining the Challenges Facing Independent Medicine," Dr Richardson highlighted several key challenges:

- **Overconsolidation.** The rapid increase in hospital acquisitions of private practices leads to higher health care costs and reduced patient choice because these acquisitions eliminate competition, especially in outpatient services.
- **Unbalanced reimbursement schemes.** Current reimbursement schemes favor hospital settings over independent practices, creating substantial financial strain on the latter.
- **Regulatory burdens.** Laws such as the Medicare Access and Children's Health Insurance Program Reauthorization Act of 2015 (MACRA) and the physician self-referral law impose substantial administrative and financial challenges on independent practices.
- **Inadequate charity care.** Many tax-exempt hospitals do not provide adequate charity care, despite benefiting from considerable tax savings and federal programs.

To address these challenges, Dr Richardson discussed several solutions:

- **Predictable and sustainable payment updates.** Independent physicians should receive payment updates that reflect their practice costs, ensuring their financial viability. This is likely the single most critical factor, without which the independent physician practice footprint will continue to wane and, potentially, cease to exist.
- **Site-neutral payment policies.** Implementing site-neutral payment policies will promote competition, enhance patient choice, and achieve substantial Medicare savings. Site-neutral policies have broad bipartisan support, with projections consistently demonstrating enormous cost savings.
- **Reforming MACRA.** Enabling independent practices to participate in alternative payment models and eliminating the burdensome merit-based incentive payment system, which has proven costly and ineffective, are crucial.
- **Accountability for tax-exempt hospitals.** Establishing minimum charity care requirements for tax-exempt hospitals and revising Medicare payments for drugs covered by section 340B of the Public Health Service Act to reflect acquisition costs will reduce excessive profits and promote fair competition.
- **Simplifying the physician self-referral law.** The physician self-referral law should be modernized to encourage innovative, value-based care arrangements without the fear of legal repercussions.

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During the hearing, there was overwhelming bipartisan support and acknowledgment of the urgent challenges confronting independent physician practices. These challenges stem from factors such as consolidation, lack of predictable physician fee schedule updates, staffing issues, administrative and regulatory burdens from prior authorization and Medicare Advantage, site-of-service payment disparities, and the failures of MACRA and the merit-based incentive payment system.

Representatives of both political parties discussed and agreed with the witnesses on the unviable market forces affecting independent physician practices. They expressed genuine concern about the future of independent medicine if current conditions persist. Recognizing the need for a more predictable, if not permanent, reimbursement structure tied to inflation, they emphasized the necessity for independent physicians to compete effectively with hospitals and health systems.

Key solutions discussed included

- implementing site-neutral payments;
 - allowing hospital-physician ownership;
 - restructuring MACRA and potentially terminating the merit-based incentive payment system; and
 - reforming the prior authorization process, particularly in Medicare Advantage.
- **A memo on the hearing, Dr Richardson's testimony, and a video of the subcommittee testimony can be found at <https://bit.ly/LUGPATestifies>.**

Upcoming LUGPA Events

Don't miss these upcoming LUGPA events, which provide opportunities to connect, gather, exchange ideas, and network!

October 24-26, 2024: 2024 Bladder & Kidney Cancer Academy; Philadelphia, Pennsylvania

November 14-16, 2024: LUGPA 16th Annual Meeting; Chicago, Illinois

January 18-21, 2025: LUGPA 2025 Global Prostate Cancer Congress; Sun Valley, Idaho

February 28-March 1, 2025: 2025 Residents Summit and Job Fair; Orlando, Florida

March 14-15, 2025: Houston Regional Meeting; Houston, Texas

May 29-31, 2025: 2025 Ambulatory Surgical Center Academy; Scottsdale, Arizona

June 20-21, 2025: Boston Regional Meeting; Boston, Massachusetts

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