Will Spine Surgeons Be the Next Specialists Scooped Up by Hospitals? 6 Responses

Written by Laura Miller | August 30, 2011

Six surgeons discuss the over-arching trend of hospital employment of specialists and how spine surgeons may or may not be jumping on the bandwagon.

Samuel Cho, MD, Mount Sinai Medical Center, New York City: For spine surgery, everything is up in the air because of the proposed healthcare changes that will take place over the next several years. On the Medicare side, reimbursements have not been keeping up with inflation and complexities of the surgeries we offer, and that has been a problem. The reimbursement on the private payor side has been favorable and offset some of the loss that we are experiencing on the Medicare side, but I don't know how it will play out. If the risks become greater, I think more surgeons will become employed.

For now, the rate of spine surgeon employment definitely depends on the market. I only know of a few surgeons who will go out there as a single-physician practice. Typically, you either join an academic practice, multispecialty orthopedic or spine practice or a spine-only practice with others who are already practicing and you become a junior partner. I only know of one person who went out and did it on his own. I know there are others who went out on their own after a few years of practicing with other surgeons. Only time will tell whether these guys can remain successful — one of the major factors will be whether it is still feasible assume the increased risks as a single-person in business. It will have to be sorted out over the next few years.

Richard Guyer, MD, Texas Back Institute, Plano: It's difficult to predict 10-15 years into the future, but I think we will see more and more practices being bought out by hospitals. Insurance companies are looking for this trend — they want to pay one provider, the hospital, for all of the services rendered. That's not always what we like as surgeons, but I think the trend is moving slowly that way.

One of the key concerns for hospitals buying spine practices is efficiency. Most spine practices can be run very efficiently on their own. We have a lot of bright people involved in the administration as well as clinical work to make it economically feasible for us to maintain our independence — that's why I like a group practice. I don't want to have anyone dictating to me what I can and can't do. We already have enough of that with the government and insurance companies making guidelines for us. From my experience with Texas Back Institute, I would not like to lose that independence.

Sanjay Jatana, MD, Jatana Spine, Denver: In the Denver market, the only spine surgeons who are employed by hospitals are done so through a recruiting agreement. They transition right from a fellowship program and have guaranteed income, and the hospital will market their expertise. Surgeons might also take a position at a hospital because their primary care referral base becomes stagnant and by moving to the hospital environment, there is a new set of primary care physicians for referrals. Older surgeons looking for an exit strategy consider employment as well because they don't want to have the stresses of running a practice.

I've found that hospitals in my area aren't interested in employing physicians who are experienced and at the peak of their careers. From a primary income standpoint, including ancillary services at the practice, their employment agreement won't be able to match the surgeons' current income. When it comes to accountable care organizations, hospitals haven't really sorted out how to organize and implement an agreement mutually beneficial for physicians. They don't understand ACOs enough to take the plunge yet and if you look at what spine surgeons can make on their

own, hospitals can't compare to that.

Most spine surgeons are in independent group situations right now — except for surgeons coming out of fellowships and those in academic situations. The other exception to the rule is Kaiser-employed surgeons. Kaiser tends to have its own spine surgeons as a rule. In California, it has a large volume of members in its system. Kaiser is the third largest insurance carrier in Colorado and they have their own spine surgeons.

Donald Johnson, MD, Southeastern Spine Institute, Mt. Pleasant, S.C.: I believe that if any group will be able to be somewhat immune and self-sustaining in their economic community, it will be spine surgeons. In my community, there are several physicians who are employed, including orthopedists, and there are only a few types of specialists who have avoided that situation. The surgeons at my practice have not become employed and we aren't interested in employment. If you have a full-service facility, spine lends itself to being a competitor to the hospital rather than being employed by them.

Our group has 42,000-square-feet of space and includes spine surgeons, pain physicians and anesthesiologists. All we do is spine and we have a pharmacy, brace shop, lab, electrodiagnostic lab and urine testing capabilities. We have a surgery center and neuromonitoring capabilities. We aren't dependent on another entity to sustain us and keep us going. In this community, the hospital sees us as more of a competitor than the surgeons who don't have any ancillary revenue. A group like mine, we don't see being employed any time soon.

Ira H. Kirschenbaum, MD, Chairman of the Orthopedic Department, Bronx-Lebanon Hospital Center, New York City: There are spine surgeons who have become employed by hospitals who need their services through contracts and agreements that are beneficial for them. Our orthopedic practice is employed full time by the hospital. The relationships between our physicians and the hospital has gotten better for a few key reasons. The first is that there is one orthopedic group that has developed strong physician leadership to represent them to the hospital. In addition to our surgeon leaders who represent our interests to the hospital, our practice hired a non-MD MBA to manage the practice. These factors have allowed the group to not only help the hospital with their goals, but also push the surgeons' agendas through negotiations with the hospital.

Hospitals are looking for ways to align with surgeons. If you divide a piece of paper in two and write "hospital" on one side and "surgeon" on the other, and write down the goals of each entity, you will begin to see a lot of the goals that are similar. I believe the future of hospital medicine is aligning the hospital financial goals with everyone who works there — if the hospital is successful, the people who contributed should benefit from the success as well. Employment contracts should tie the physicians' goals to the success of the hospital. This can be very hard — it's not about 300 physicians going to a board meeting and everyone voting on change. It's about a group of physician leaders representing the larger group of physicians.

In his position as chairman of the orthopedic department, Dr. Kirschenbaum participates in the hiring process for spine surgeons.

Fred Sweet, MD, Rockford Spine Center, Rockford, Ill.: From our perspective, since we are extremely efficient at running a spine practice, we have no desire to work for a hospital. I don't want the bureaucratic red tape as my focus — I want to take care of patients efficiently. What has happened now, since hospitals are so anxious to have their physicians employed, they overlooked the physicians with marginal practice history in the hopes that they will bring in more profits. This means physicians can work at one hospital for a few years and then seek employment somewhere else without forming a relationship with patients in the community or following up with patients who have failed outcomes. Our practice has exploded because patients are coming to us for revision work after their hospital-

employed surgeon left town.

However, we have seen our referrals from primary care physicians decrease over the past few years. It used to be that I would give talks to the primary care physicians to build a referral base. Now, the primary care physicians are employed by hospitals and they aren't referring to me as much. Hospitals are not supposed to tell employed primary care physicians where to refer, but their employment makes the competitive environment tough for independent spine surgeons. Now, instead of convincing primary care physicians to refer to the independent specialists, we have to advertise directly to the patient. When the primary care physicians tell them they need back or spine care, they will ask for us. Approximately 85 percent of referrals come from outside of the city because our reputation has spread between patients.