# Easing the Tight Grip of Managed Care

The decade of the 1990s will probably be remembered by nuclear physicians as the age of the managed care headache. Reams of paperwork, lower reimbursements, and hours spent on the phone to get approval for denied procedures have caused more than a few migraines for nuclear physicians and the rest of the medical community. The onset of the millennium, though, may usher in some new remedies for that headache. During the past few months, some sweeping plans to rein in the power of health maintenance organizations (HMOs) have gained momentum in the U.S. Congress and state legislatures. Case in point: In October, the House of Representatives passed a strongly worded bill that grants patients the right to sue their managed care providers for refusal of coverage or negligent care. Although the Senate passed a more limited version, the President is expected to sign some version of the "patients' bill of rights" into law once the differences are reconciled.

Beyond the grand gestures of politicians, doctors have taken matters into their own hands. Last June, the American Medical Association's (AMA) Board of Trustees voted in favor of forming a physician's union that would serve doctors and residents on staff at hospitals throughout the country. Called Physicians for Responsible Negotiations (PRN), the union would directly negotiate salary contracts and workplace conditions with hospital management on behalf of doctors who are employed by the hospital. Physicians contend that the takeover of hospitals by managed care organizations has placed an inordinate amount of pressure on them to produce more for less. "Nuclear physicians on staff at hospitals are being blamed for dwindling revenues that have occurred as a result of contracts made between hospitals and managed care organizations," explained H. William Strauss, MD, chief of nuclear medicine at Stanford University in California and the SNM delegate to the AMA. "Clearly, the union will try to get physicians the respect they deserve."

Managed care companies are already beginning to police themselves. As this article was going to press, United Health Group, one of the biggest HMOs, announced that it had decided to return decision-making power over patient care to physicians. Concerned about the costs of paperwork to approve every referral and fearing lawsuits over denial of coverage, United figured out that it would be cheaper to let doctors determine which tests and procedures their patients need. "This is clearly a big win for doctors, and we expect that more managed care companies will follow suit," said Andrew Thomas, MD, an internist from Columbus, OH, and past board member of the AMA.

With all of these vast reforms taking place in managed care, the question is: Will these changes solve the managed care problems confronting nuclear physicians? The nuclear medicine leaders who spoke with *Newsline* answered the question with a collective shrug. The consensus seems to be that whatever is good for medicine is good for nuclear medicine. They stressed, however, that the biggest benefactors of these reforms will probably be the primary care physicians who represent the largest group of physicians and hold the decision-making power when it comes to making referrals.

### Nuclear Medicine Suffers from Managed Care

Nuclear medicine leaders contend that the most pressing issue at hand concerns patients' access to nuclear medicine services. Some managed care organizations have flatly refused to cover many nuclear medicine procedures, according to Robert Henkin, MD, professor of radiology and director of nuclear medicine, Loyola University Medical Center in Maywood, IL. "Many, many private insurers and HMOs still don't recognize PET as a standard of care procedure," he said. "Nuclear physicians are finding more and more that they can't deliver the quality of care that they would like." Henkin cited the case of nuclear physicians in Tennessee who can't get the insurer Humana to cover any SPECT procedures except for heart studies. "They used to cover SPECT, but they won't anymore," said Henkin. "As far as Humana is concerned, SPECT is experimental."

Although nuclear physicians have always had to deal with coverage denial for their patients, they usually had no trouble generating profits for the institutions where they worked—until, that is, managed care became ubiquitous. Since managed care organizations began taking over hos-

pitals about five years ago, many nuclear medicine departments have gone from being revenue centers to being cost centers, mainly due to contracts negotiated between hospitals and managed care organizations. These contracts outline reimbursements for nuclear medicine procedures that are vastly lower than reimbursements in the past. As a result, many nuclear physicians on hospital staffs feel under the gun to see more patients and perform more procedures over the course of the day. "There's definitely an unequal playing field with regards to physicians and HMOs," said Robert Carretta, MD, president of SNM and medical director of Sutter Roseville Medical Center in Roseville, CA.

Strauss said that at Stanford managed care reimburses the hospital 26 cents for every dollar spent on a nuclear medicine procedure. At most institutions, he said, managed care reimburses nuclear medicine departments about 35 cents for every dollar spent. These remarkably low levels of reimbursements force nuclear medicine departments to operate at a loss rather than at a profit. Why would a hospital negotiate a contract where it would lose money? "Stanford hospital administrators worked out the contract with managed care groups to get less money for nuclear medicine in order to get coverage for more costly procedures like bone marrow transplants," explained Strauss. "We had no say in what was negotiated, but our department still gets blamed if we lose money."

**AMA Solution: Unionize Staff Physicians at Hospitals**

Recognizing that hospital physicians throughout the country are facing the same kinds of managed care problems faced by Strauss, the AMA recently decided that physicians need some muscle when it comes to negotiating their contracts with hospitals. The organization's solution was to approve the formation of the PRN physicians' union. The fledgling union received a $1.2 million loan from the AMA and is just opening its doors for operation this month, according to Thomas, who serves on the board of PRN. "We are in the process of finalizing some paperwork with the Department of Labor," he said.

Although PRN will be independent from the AMA, it was formed by AMA leaders who wanted to address the wide-scale problems caused by managed care. AMA members are most concerned about the fact that they have no control over the prices set for reimbursement by managed care companies. "A managed care company can approach a nuclear medicine group practice and say that they're going to reimburse a certain amount for a bone scan. That practice can take it or leave it, but if they leave it, they'll lose all the patients that belong to the managed care organization," explained Gary Dillehay, MD, SNM delegate to the AMA and associate professor of radiology at Loyola Medical Center in Maywood, IL. By representing hundreds or thousands of doctors, PRN could step in and handle the negotiations between large groups of doctors and managed care organizations. In theory, the union could threaten to have its members boycott certain managed care plans if they refuse to provide adequate reimbursements.

Unfortunately, though, PRN cannot legally work this way in practice. Part of the problem is that Federal antitrust laws prohibit doctors from setting prices as a group. In other words, it would be illegal for PRN to collectively bargain prices for doctors in private practice. "For now, PRN can only negotiate contracts and salaries for physicians who are on staff at an HMO, hospital or other institution," said Thomas. For example, PRN could help negotiate work hours for hospital residents or salaries and benefits for nuclear physicians on hospital staffs. "This group, however, represents just a small fraction of nuclear physicians," said Dillehay. "I don't know how PRN will help most of us right now."

In an effort to give some bargaining power to physicians in private practice, the AMA has been lobbying Congress to pass new legislation called the Campbell Bill, which would allow independent physician corporations to collectively bargain with managed care companies. Although the Campbell Bill has been put on the back burner until the next session of Congress, Thomas said that individual state legislatures have begun to consider passing laws that set aside antitrust laws for physicians.

For now, physicians who are employees of hospitals, HMOs or educational institutions can join PRN as full members at a cost of about $600 to $750 per year, according to Thomas. (The exact cost of membership had not been finalized at presstime.) PRN will negotiate contracts and other work-related issues for these members. Self-employed physicians could join PRN as supportive members for about $100 a year but would not be able to use the union to negotiate contracts with health insurers.

Even if nuclear physicians fit the criteria for joining PRN, many nuclear medicine leaders question the usefulness of the union membership. The

AMA decided that, for ethical reasons, the union would not threaten a work strike if the hospital or other employer did not agree to meet the demands of their physician employees. "Without the threat of a strike, the union has no bite," said Henkin. On the other hand, he acknowledged that few physicians would be willing to jeopardize the welfare of their patients to wage a walk-out.

One alternative to striking, said Dillehay, is that physicians could refuse to sign their patients' charts or complete the paperwork necessary for the hospital to receive payments from managed care providers. Still, he said that these repercussions remained "ill defined" and that PRN still had to work out a lot of the logistics. A larger concern of nuclear physicians, though, is the way the public will perceive a union of physicians. "The public may see this union as an attempt by physicians to get more money for themselves, and there may be a backlash against it," said Dillehay. "The AMA needs to highlight to the public that the purpose of this union is really to improve the quality of care for patients."

"From the perspective of the American Medical Association, this is clearly a big win," said Andrew Thomas, MD, a former board member of the AMA who currently serves as a board member for PRN. "Clearly other managed care companies will follow suit."

*— Deborah Kotz*