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## 2018 December - The Power of the Pen

Dr. Charles Brownlow often lectured on how we can direct our own destiny by choosing to exercise the power of the pen. His lecture's message was to empower us, as doctors, to know when and when not to sign a contract. I was reminded of this talk over the past month as doctors from around the state began contacting me after they received a new contract from a payer with a reimbursement significantly below what they expected. This new contract is the result of two payers merging into a "new" group. As a new payer, they sent out new contracts to all the providers with new terms. To the surprise of every doctor who read the proposal, the conversion factor offered was \$20. For reference, Medicare's 2019 CF is going to be \$36.04.

As a review, Medicare determines its fee schedule by multiplying a Relative Value Unit (RVU) by the Conversion Factor (CF). An RVU is assigned to every procedure based on the physician work, practice expense, and malpractice expense of the procedure or service. Many medical payers will utilize Medicare's RVUs and simply offer a practice a CF. From the CF, you can gauge whether or not the entire fee schedule is acceptable to your office.

### **RVU x CF = Fee**

If Medicare determines the RVU = 2.5, they will reimburse  $(2.5 \times \$36.04) = \$90.10$ . The above payer's proposed CF would result in a reimbursement of  $(2.5 \times \$20) = \$50.00$  for the same service. That clearly is not a reimbursement most offices would deem to be ideal. Being reimbursed ~55% of Medicare is not typically an office's goal; however, just because it is below Medicare's CF does not necessarily mean you wouldn't want to accept it. Every office should be aware of where they will draw a line in the sand. Sometimes that means making the very difficult choice to not accept a contract from a larger payer in your area. Remember, you can't make up losses with volume!

On behalf of optometry, I reached out to this particular payor to make the case for better reimbursing optometry. Although I have not seen the proposal for ophthalmology, I guarantee their CF is not \$20. When I finally got the right person on the phone, I began describing what optometry is, our scope of practice, the ease of access to our doctors, the fact that Medicare gave us parity years ago, and finally I explained that the medical and legal equality of the services provided by optometry must be equal to ophthalmology. After passionately pleading the case of the greatness that is optometry and that their proposed CF would not make sense for nearly any doctor, she responded with, "I appreciate the information, but 75% of the doctors have already signed the contract." I'm certain I left an obvious silence on the phone, for I had no rebuttal. How could I convincingly say the contract was an insult, when the majority of the optometrists had already agreed to accept a CF of 55% of Medicare?!

We often like to commiserate with one other on social media and at meetings. But so much of the problem is a result of our own doing. We sign contracts without reading them. We agree to accept fee schedules without even knowing what our costs are to do business. And we continue to accept being treated as second class doctors. There are certainly business and economic forces that can twist our arm to accept a less than ideal contract, but we need to enter into these plans with our eyes wide open. How does a particular contract impact how you care for your patients? Can you keep seeing twelve patients a day, or do you need to step up your game and see twenty? What if a contract accounts for 10% of your patients, but just 5% of your revenue? You could cut the plan, work 10% less, and only lose 5% of your income. I suspect you wouldn't even notice. Could you make up for a low reimbursement by offering out-of-pocket services like screening images, orthokeratology, meibomian gland expression, etc.?

When I joined my father in practice 11 years ago, I asked him, "How do you run a business?" He replied, "If you take care of the patients, everything else just happens." I think we need to continue to care for every patient who needs us with this same ideal. But we no longer have the luxury to believe we will be fairly compensated. You need to find your favorite writing instrument, and exercise THE POWER OF THE PEN!