

The Future of Health Care

A National Survey of Physicians

The Doctors Company Market Research
February 29, 2012

The Future of Health Care

What Doctors Are Saying

For more than 35 years, The Doctors Company has been fiercely committed to advancing, protecting, and rewarding the practice of good medicine. Key to that pledge is partnering with members to improve the practice environment and respond to emerging challenges with innovative solutions.

The company's position as the nation's largest insurer of physician and surgeon medical liability enables it to draw on a community of 71,000 members. This timely report—developed in response to members' concerns about health care reform and its potential consequences—was compiled from the observations of more than 5,000 doctors. It conveys a unique perspective on doctors' attitudes, perceptions, and intent on major components of health care reform.

With the industry poised for unprecedented change, doctors are being forced to rethink the way they practice medicine. The striking results of this survey clearly illustrate the uncertainty doctors feel as the pace of the transformation accelerates.

To learn more about The Doctors Company, please visit www.thedoctors.com.

This report is available online at www.thedoctors.com/future.

The research in this report is unique to The Doctors Company. Send reprint requests to press@thedoctors.com.

ABOUT THE DOCTORS COMPANY

Founded by doctors for doctors in 1976, The Doctors Company (www.thedoctors.com) is relentlessly committed to advancing, protecting, and rewarding the practice of good medicine. The Doctors Company is the nation's largest insurer of physician and surgeon medical liability, with 71,000 members, \$4 billion in assets, and an A rating from both A.M. Best Company and Fitch Ratings.

Survey Methodology and Demographics

The Doctors Company’s unique vantage point as the nation’s largest insurer of physician and surgeon medical liability affords it the ability to identify critical trends in all specialties in every region of the country. No other insurer has attained this distinction.

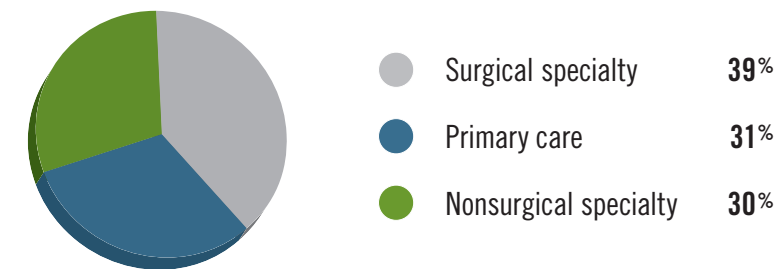
The company draws on that unparalleled perspective to analyze emerging issues facing the profession.

THIS REPORT IS BASED ON **5,105 SURVEYS** RETURNED BY DOCTORS **NATIONWIDE**:

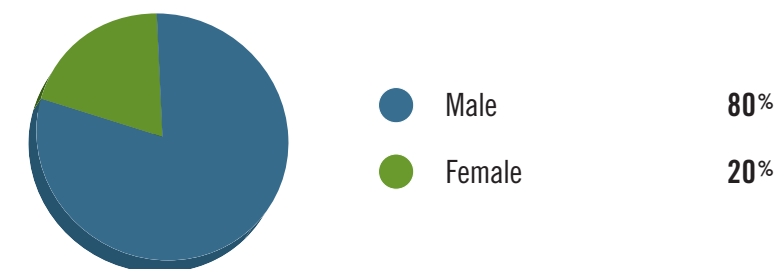
\$0	Respondents were not compensated for their participation.
5,105	The survey involved a wide number of medical specialties insured by The Doctors Company, including primary care doctors, surgical specialists, inpatient medical specialists, and diagnosticians.
50	Doctors from all 50 states and the District of Columbia responded.
3,500	In addition to multiple-choice questions, the survey invited doctors to comment on their concerns about the future of health care and how health care reform has affected their communities. Nearly half of all respondents felt strongly enough to take the time to voice an opinion. Survey results included more than 3,500 handwritten comments.

SURVEY FEEDBACK WAS STRONG ACROSS ALL DEMOGRAPHICS:

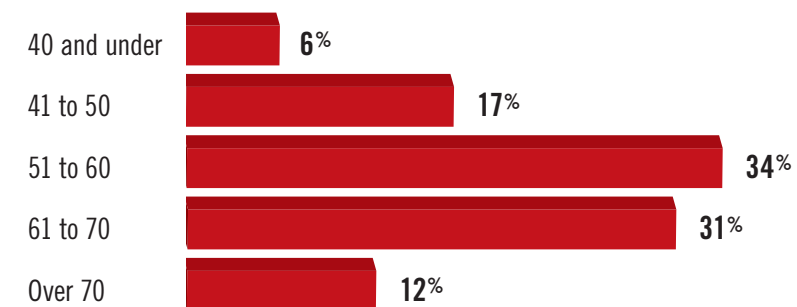
SPECIALTY



GENDER



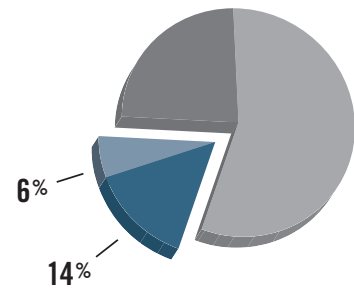
AGE



TOP 10 STATES

- 1 CALIFORNIA
- 2 OHIO
- 3 OREGON
- 4 MICHIGAN
- 5 VIRGINIA
- 6 FLORIDA
- 7 WASHINGTON
- 8 NEW MEXICO
- 9 TEXAS
- 10 GEORGIA

CHANGING PRACTICE MODELS



Twenty percent of doctors are shifting to larger practice models or making other changes.

Fourteen percent indicated shifts to larger practice models; most doctors in this category (83 percent) are moving from solo and small group practices to larger practices. Other changes (6 percent) include retirement, leaving medicine, or going part-time. In general, doctors don't believe change will improve the quality of care but feel they have little choice because of consolidation and decreasing reimbursements:

"Doctors are running to hospital employment. Doctors are changing their practice model to focus on cash-pay patients."
—primary care doctor, California

"Multiple groups in the area [are] selling to hospital foundations or to health care partners."
—primary care doctor, California

"I am hoping to transfer to a career completely unrelated to medicine."
—surgeon, New Mexico

"Small practices such as mine will be forced to close or be bought out by hospitals!"
—primary care doctor, Ohio

"I am concerned that decreasing reimbursement will force me to join a large group practice, which I don't want to do."
—primary care doctor, Oregon

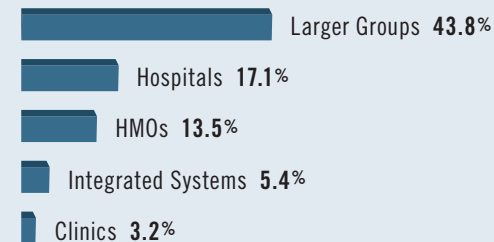
"Our medical staff has gone from two of 135 physicians being hospital-employed 10 years ago to now having 100 of 150 being hospital employees."
—surgeon, Montana

KEY RESPONSE VARIATIONS

- States range from 16% in **Oregon, New Mexico, and Virginia** to 25% in **Texas**.
- Nominal specialty variation, with all groups approximately 20%.
- Nominal gender variation, with both **males and females** at approximately 20%.
- Age groups range from "**61 to 70**" at 18% to "**40 and under**" at 26%.

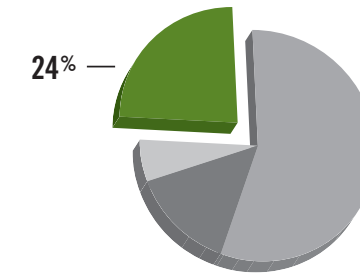
SHIFTING PRACTICE PATTERNS

SOLO DOCTORS AND SMALL GROUPS MIGRATING TO:



CHANGING PRACTICE MODELS: DOCTORS SAY GROUP SIZES INCREASING

CHANGE DESCRIPTION	PERCENT
Solo to:	
Small Group	30.3%
Hospital	9.7%
HMO	7.6%
Large Group	4.8%
Integrated System	2.9%
Clinic	2.1%
Solo Subtotal	57.4%
Small group to:	
Large Group	8.7%
Hospital	7.4%
HMO	5.9%
Integrated System	2.5%
Clinic	1.1%
Small Group Subtotal	25.6%
Large group to:	
Hospital	1.1%
Integrated System	1.0%
HMO	0.8%
Large Group Subtotal	2.9%
Hospital to other	1.1%
All other	13.0%
Total	100.0%



Twenty-four percent of doctors did not select a future practice model, suggesting that substantial uncertainty exists.

Doctors in this category are unable or unwilling to provide an answer about altering their practice plans. Comments clearly demonstrate uncertainty and frustration:

"I DON'T KNOW! It will be decided by politicians, not doctors or patients."
—nonsurgical specialist, Ohio

"It's impossible to plan ahead when the government keeps changing the rules."
—primary care doctor, California

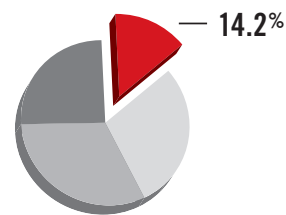
"I'm in the dark about the future of health care."
—nonsurgical specialist, Ohio

KEY RESPONSE VARIATIONS

- States range from **Texas** at 20% to **Florida** at 30%.
- Specialty ranges from **surgical specialists** at 22% to **primary care** at 27%.
- Slight variation by gender, with **females** at 23% and **males** at 25%.
- Age groups range from "**40 and under**" at 18% to "**61 to 70**" at 28% and "**over 70**" at 36%.

NEW HEALTH CARE DELIVERY SYSTEMS

Planned participation in accountable care organizations (ACOs) is low.



Fourteen percent of doctors are **planning to participate** in ACOs.

Some doctors are pursuing ACO formation:

“Starting to implement electronic health records, joining ACO, negotiating with hospitals.”

—nonsurgical specialist, California

“Our hospital is buying most of the practices using the foundation model. It wants to position itself to become an ACO.”

—surgeon, California

“Attempting to set up an ACO. Multiple patient-centered medical homes already set up.”

—nonsurgical specialist, Michigan

KEY RESPONSE VARIATIONS

- States range from 4% in **Georgia** to 25% in **Michigan**.
- Specialty ranges from **surgical specialists** at 11% to **primary care** at 18%.
- No gender variation, with both **males** and **females** at 14%.
- Age groups range from “**over 70**” at 10% and “**61 to 70**” at 14% to “**51 to 60**” at 16%.

Accountable care organizations are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high-quality care to the Medicare patients they serve.

—Centers for Medicare & Medicaid Services



Twenty-nine percent indicated they **do not plan to participate** in an ACO.

Overall, responses are pessimistic:

“ACOs will destroy private practices and raise the cost of health care w/o improving health.”

—primary care doctor, North Carolina

“ACOs are nothing but a marketing gimmick.”

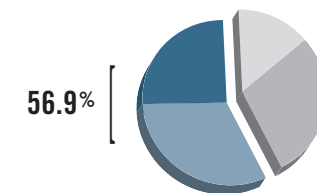
—surgeon, Michigan

“Binding care to hospital in ‘ACO’ is the most expensive way to give care!!”

—surgeon, Virginia

KEY RESPONSE VARIATIONS

- States range from 19% in **Florida** to 43% in **Texas**.
- Specialty ranges from **primary care** at 26% to **surgical specialists** at 31%.
- Gender ranges from **females** at 26% to **males** at 29%.
- Age groups range from “**40 and under**” at 19% to “**61 to 70**” at 34% and “**over 70**” at 37%.



Fifty-seven percent of doctors are either **undecided** or **need more information** regarding ACO participation.

Comments indicate a need for education on new health care delivery systems:

“What IS an ACO? Have you ever seen one?”

—surgeon, California

“Uncertainty about models of payment. Will ACOs work? Similar models have failed in the past.”

—surgeon, California

“Hospitals are confused about what to do with ACOs. Tension arising between hospital and doctors over doing ACOs or not participating.”

—surgeon, California

KEY RESPONSE VARIATIONS

- States range from 50% in **Michigan** to 74% in **Florida**.
- Nominal specialty variation, with all groups approximately 57%.
- Gender ranges from **males** at 56% to **females** at 59%.
- Age groups range from “**61 to 70**” and “**over 70**” both at 53% to “**40 and under**” at 66%.

NEW HEALTH CARE DELIVERY SYSTEMS

Planned participation in patient-centered medical homes (PCMHs) is also low.

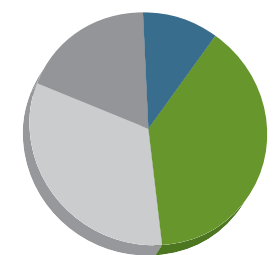
<h2>10%</h2> <p>OF DOCTORS PLAN TO PARTICIPATE IN PCMHs.</p>	Only a small number surveyed plan to embrace this model:		KEY RESPONSE VARIATIONS			
	<p>“Perhaps ‘medical homes’ will help a bit.” —primary care doctor, California</p>	<p>“There is no coordination of care between systems. I hope health care reform, medical homes, and ACOs improve this.” —primary care doctor, New Mexico</p>	Low		High	
			Florida	3%	Michigan	27%
			Texas	3%	Primary care	25%
			Surgical specialists	3%	Females	12%
			Males	10%	Ages 40 and under	12%
			Ages 61 to 70	9%		
			Over 70	9%		

<h2>39%</h2> <p>INDICATED THEY DO NOT PLAN TO PARTICIPATE IN PCMHs.</p>	Doctors remain skeptical:		KEY RESPONSE VARIATIONS			
	<p>“Insurance companies now must spend higher percentage of revenue on medical care. Rather than pay doctors more, they are building patient-centered medical homes.” —nonsurgical specialist, Montana</p>	<p>“Medical home will not lower the cost of health care.” —primary care doctor, Oregon</p>	Low		High	
			Florida	26%	Texas	53%
			Primary care	27%	Surgical specialists	46%
			Females	34%	Males	40%
			Ages 40 and under	33%	Ages 61 to 70	43%
					Over 70	45%

<h2>51%</h2> <p>OF DOCTORS ARE EITHER UNDECIDED OR NEED MORE INFORMATION REGARDING PCMH PARTICIPATION.</p>	Participation may be slower than expected:		KEY RESPONSE VARIATIONS			
	<p>“I was planning on retiring in the next couple years but know nothing about ACOs or patient-centered medical homes.” —surgeon, Oregon</p>	<p>“...I know nothing about patient-centered medical homes....” —surgeon, Oregon</p>	Low		High	
			Michigan	40%	Florida	67%
			Primary care	46%	Nonsurgical specialists	53%
			Males	50%	Females	53%
			Ages 61 to 70	47%	Ages 40 and under	56%

A patient-centered medical home is a team-based model of care led by a personal physician who provides continuous and coordinated care throughout a patient’s lifetime to maximize health outcomes.

—American College of Physicians



RESPONSE

- Planning to participate 10.4%
- Do not plan to participate 38.7%
- Need more information 32.5%
- Undecided 18.4%

50.9%

ELECTRONIC HEALTH RECORDS

Doctors share key sentiments on electronic health records (EHRs).

30%

OF DOCTORS HAVE ALREADY IMPLEMENTED EHRs THAT MEET MEANINGFUL USE CRITERIA.

Comments suggest doctors feel EHRs provide little benefit to their practice or patients, with related bureaucracy increasing costs and reducing time spent building the doctor-patient relationship:

“Eventually, the EHR will help. It’s not there yet. Very cumbersome.”

—primary care doctor, Oregon

KEY RESPONSE VARIATIONS

- States range from 22% in **Texas** to 41% in **Oregon**.
- Specialty ranges from **nonsurgical specialists** at 29% to **primary care** at 37%.
- Age groups range from “**over 70**” at 16% and “**61 to 70**” at 27% to “**40 and under**” at 51%.

14%

OF DOCTORS PLAN TO IMPLEMENT AN EHR IN THE NEXT THREE YEARS.

Doctors in this category expect to purchase an EHR that meets the criteria. Comments suggest they feel pressured:

“[Health care reform] is pushing me into EHR before I wanted to.”

—primary care doctor, California

KEY RESPONSE VARIATIONS

- States range from 7% in **Texas** to 21% in **Virginia**.
- Specialty ranges from **nonsurgical specialists** at 13% to **primary care** at 19%.
- Gender ranges from **females** at 14% to **males** at 16%.
- Age groups range from “**over 70**” at 8% and “**61 to 70**” at 15% to “**41 to 50**” and “**51 to 60**” both at 18%.

17%

OF DOCTORS HAVE NO PLANS TO USE AN EHR IN THEIR PRACTICE.

Some doctors suggest that EHRs may increase risk because it “fragments care and buries significant findings in an ocean of repetition.”

“As a solo practitioner, the burden of EHR implementation (or suffer the mandatory ‘discount’) hangs over my head!”

—surgeon, Colorado

KEY RESPONSE VARIATIONS

- States range from 6% in **Georgia** to 25% in **Texas**.
- Specialty ranges from **surgical specialists** at 16% to **nonsurgical specialists** at 23%.
- Gender ranges from **females** at 15% to **males** at 19%.
- Age groups range from “**40 and under**” at 7% to “**61 to 70**” at 23% and “**over 70**” at 40%.

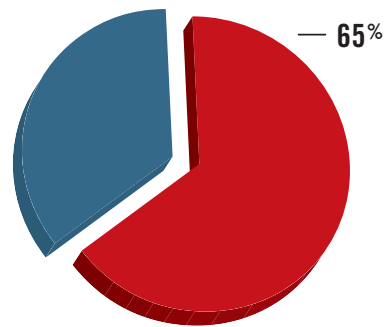
RESPONSE	PERCENT
I already have an EHR in my practice that meets meaningful use criteria.	30.0%
I plan to purchase an EHR within three years that meets meaningful use criteria.	14.3%
I have no plans to use an EHR in my practice.	17.0%
I have a computer for billing and scheduling, but it lacks features of an EHR (e-prescribing, medication alerts, clinical decision support, etc.).	21.5%
I only use a hospital-based EHR system.	8.0%
All other (combinations)	9.2%
TOTAL	100.0%

TOP FIVE STATES THAT HAVE IMPLEMENTED EHRs	
41%	OREGON
39%	GEORGIA
37%	FLORIDA
34%	VIRGINIA
35%	WASHINGTON

Note: CMS no longer requires that 50 percent of ACO participants attain meaningful use. It has, however, retained EHR as a quality measure that is weighted higher than any other measure for quality-scoring purposes.

THE IMPACT OF HEALTH CARE REFORM

Defensive medicine is still a hot-button topic.



Sixty-five percent of doctors do not think that health care reform will reduce defensive medicine.

An overwhelming majority do not think that current law has sufficiently addressed the underlying causes of defensive medicine. Comments affirm that doctors still believe tort reform is the primary solution:

“Health care reform without tort reform will not change defensive medicine.”

—surgeon,
New Mexico

“Until you can control medical malpractice, you will have defensive medicine.”

—surgeon,
Oregon

“Physicians will continue to practice defensive medicine until there are major changes in tort reform.”

—surgeon,
New Mexico

KEY RESPONSE VARIATIONS

- States range from 57% in **Texas** to 79% in **Georgia**.
- Specialty ranges from **primary care** at 58% to **surgical specialists** at 72%.
- Gender ranges from **females** at 58% to **males** at 66%.
- Age groups range from “**over 70**” at 53% and “**40 and under**” at 64% to “**51 to 60**” at 68%.

The **American Medical Association** estimates the cost of defensive medicine at \$200 billion.

So does a recent study by

PricewaterhouseCoopers’ Health

Research Institute that calculates

defensive medicine at \$210 billion

per year, or 10 percent of all health

care spending.

“We all practice very expensive defensive medicine. I realize I order between 5–15 unnecessary MRIs, maybe 2–3 specialist consults, maybe some unnecessary lab test weekly to prevent lawsuits.”

—nonsurgical specialist, New Mexico

THE IMPACT OF HEALTH CARE REFORM

Doctors believe health care reform will negatively affect patient care.

60%

OF DOCTORS BELIEVE HEALTH CARE REFORM WILL HAVE A **NEGATIVE** IMPACT ON OVERALL PATIENT CARE.

The majority of doctors feel that the pressure to reduce costs, increase volume, and improve quality will have a negative effect.

“Too much interference with patient care.”
—nonsurgical specialist, California

“Without private practice, quality of patient care or choices for patients goes away.”
—surgeon, California

“Physicians have no input/control in providing patient care.”
—nonsurgical specialist, Kentucky

KEY RESPONSE VARIATIONS

- States range from 52% in **Oregon** to 72% in **Georgia**.
- Specialty ranges from **primary care** at 52% to **surgical specialists** at 69%.
- Gender ranges from **females** at 54% to **males** at 62%.
- Age groups range from “**40 and under**” at 55% to “**51 to 60**” at 64%.

Some doctors are optimistic about health care reform.

22%

OF DOCTORS **BELIEVE HEALTH CARE REFORM WILL HAVE A POSITIVE** IMPACT ON PATIENT CARE.

Those doctors with a positive outlook cite broader medical coverage for more people. Comments include improved access to care for poor and elderly, better preventative care, coverage for children up to 25 years old on parents’ medical plan, and help for those with preexisting conditions.

“Far better, more patients can have health care.”
—surgeon, Michigan

“Allowed my children to continue to have insurance as college students.”
—primary care doctor, Colorado

“Better availability and awareness of preventative care measures.”
—primary care doctor, California

“Patients are no longer being denied insurance for preexisting conditions.”
—primary care doctor, Oregon

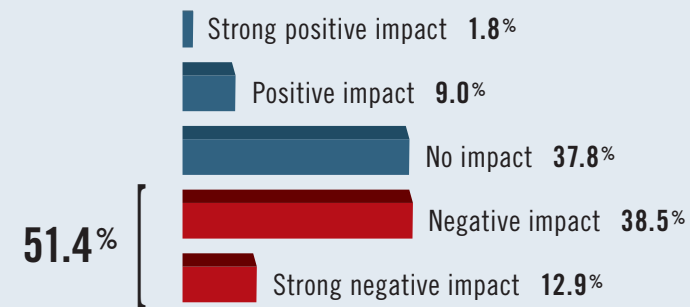
KEY RESPONSE VARIATIONS

- States range from 11% in **Georgia** to 30% in **Oregon**.
- Specialty ranges from **surgical specialists** at 14% to **primary care** at 29%.
- Gender ranges from **males** at 20% to **females** at 28%.
- Age groups range from “**51 to 60**” at 19% to “**40 and under**” at 25%.

THE IMPACT OF HEALTH CARE REFORM

Health care reform could compromise the doctor-patient relationship.

FIFTY-ONE PERCENT OF DOCTORS BELIEVE THAT HEALTH CARE REFORM WILL NEGATIVELY IMPACT THEIR RELATIONSHIPS WITH PATIENTS.



Q: “How will health care reform impact your relationship with patients and your earnings over the next five years?”

More than half of the doctors surveyed believe that increased bureaucracy is reducing the personal interaction with patients essential for building a close relationship and understanding the nature of patient health:

“Continued loss of doctor-patient relationship due to decreased reimbursement and, therefore, pressure to see more patients.”
—primary care doctor, Oregon

“I have concerns about the loss of the physician-patient relationship...the quality of care will decrease.”
—primary care doctor, California

KEY RESPONSE VARIATIONS

- States range from 45% in **Michigan** to 62% in **Georgia**.
- Specialty ranges from **primary care** at 47% to **surgical specialists** at 56%.
- Gender ranges from **females** at 47% to **males** at 52%.
- Age groups range from “**over 70**” at 40% and “**61 to 70**” at 49% to “**51 to 60**” at 56%.

Doctors are concerned health care reform is eroding their earning power.

Seventy-eight percent of doctors believe health care reform will have a negative impact on their earnings.

KEY SENTIMENTS ON EARNINGS INCLUDE:

- Reimbursements for services are already dropping substantially.
- The consolidation of medicine is making it more difficult for doctors in private practice to compete.
- Legal requirements and bureaucracy are making it more difficult to serve and satisfy patients.
- In some cases, decreasing income is causing doctors to delay retirement.
- Reduced incomes will not improve patient care or significantly reduce costs.

This issue sparked an outpouring of comments:

“Declining reimbursements and interference with patient care will continue to erode assets and future physicians’ interest, and our profession will generally decline!”
—nonsurgical specialist, Virginia

“Dropping reimbursements and increasing ‘mandates’ will drive physicians out of practice... and quality of care will drop. There will be no one I trust to take care of me.”
—primary care doctor, Ohio

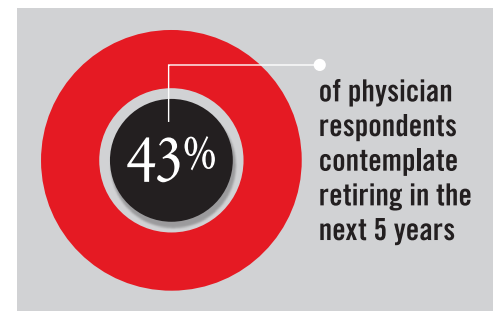
RESPONSE	PERCENT
Strong positive impact	1.0%
Positive impact	4.4%
No impact	16.3%
Negative impact	52.0%
Strong negative impact	26.3%
TOTAL	100.0%

KEY RESPONSE VARIATIONS

- States range from 76% in **California** and **Michigan** to 89% in **Georgia**.
- Specialty ranges from **primary care** at 71% to **surgical specialists** at 85%.
- Nominal gender variation, with both **males** and **females** at approximately 78%.
- Age groups range from “**over 70**” at 70% and “**61 to 70**” at 75% to “**40 and under**” at 84%.

THE IMPACT OF HEALTH CARE REFORM

Health care reform is motivating doctors to change their retirement timeline.



Although doctors in every age group expressed frustration about health care reform, older doctors are much more likely to retire. Key sentiments on this topic:

- New legal requirements created by health care reform are too burdensome.
- Continued reimbursement reduction makes practicing medicine unaffordable.
- Many doctors simply do not want the government or insurance companies interfering with the way they practice medicine.
- In some cases, doctors suggest they will not be able to retire because declining reimbursements prevent them from accumulating sufficient retirement assets.

This issue provoked a multitude of negative comments:

“I am lining myself to retire within the next eight years at the age of 61. Previously, I planned to retire at the age of 65.”
—surgeon, Oregon

“We will be moving further away from humanity-based health care and more towards the patient as a commodity. This was not the way my father practiced—nor will I. Winding down to retire early.”
—surgeon, Michigan

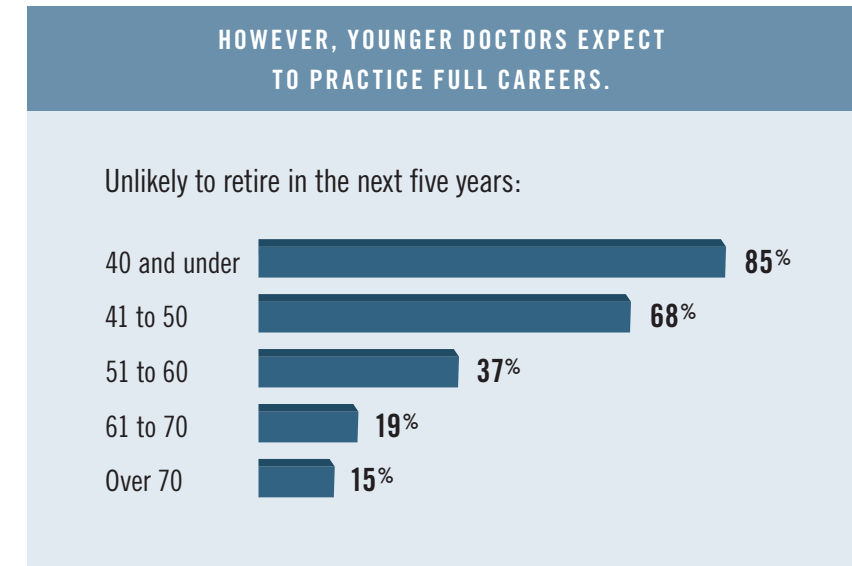
“Health care reform will likely delay my retirement due to the decreased earnings.”
—surgeon, North Carolina

“I can’t afford to retire.”
—surgeon, Vermont

Q: “Is health care reform likely to lead you to retire over the next five years?”

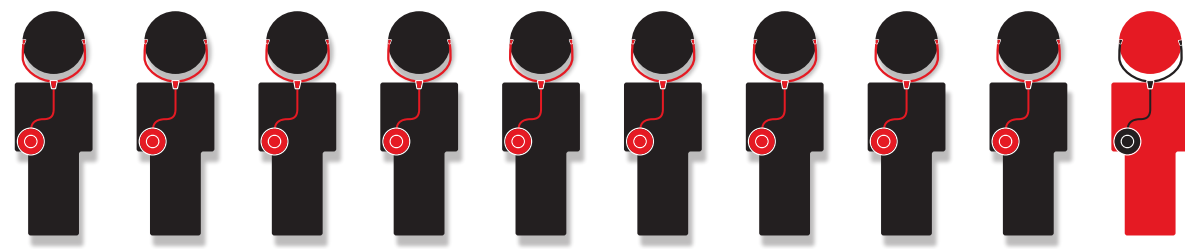


- KEY RESPONSE VARIATIONS**
- States range from 38% in **Florida, Texas, and Virginia** to 46% in **New Mexico and California**.
 - Specialty ranges from **nonsurgical specialists** at 41% to **surgical specialists** at 45%.
 - Gender ranges from **females** at 35% to **males** at 45%.
 - Age groups range from “**40 and under**” at 6% to “**61 to 70**” at 59% and “**over 70**” at 64%.



THE IMPACT OF HEALTH CARE REFORM

Nine out of 10 physicians unwilling to recommend health care as a profession.



Comments clearly show that doctors are disheartened by changes:

“I’ve steered my children away from MD degrees.”
—primary care doctor, Oregon

“I am a third-generation physician and have actively discouraged my son from pursuing a career in medicine....”
—nonsurgical specialist, Virginia

“I would not recommend becoming an MD to anyone.”
—primary care doctor, California

KEY RESPONSE VARIATIONS

- States range from 47% in **Michigan** to 78% in **Georgia**.
- Specialty ranges from **primary care** at 53% to **surgical specialists** at 65%.
- No gender variation, with both **males** and **females** at 58%.
- Age groups range from “**over 70**” at 51% and “**61 to 70**” at 55% to “**40 and under**” and “**41 to 50**” both at 62%.

Eleven percent of doctors are **likely to recommend the medical profession** to their children or other family members due to health care reform.

Some doctors continue to encourage their children to pursue medicine as a career path. Positive comments include:

“It is a blessing and privilege to be a doctor. I am a third-generation MD.”
—surgeon, Pennsylvania

“It will be a different business model from what we are used to, but I still want to be a physician.”
—surgeon, Tennessee

“Despite all the bumps in health care, still believe the practice of medicine is a great and rewarding life work!!”
—surgeon, California

KEY RESPONSE VARIATIONS

- States range from 4% in **Georgia** to 16% in **New Mexico**.
- Specialty ranges from **surgical specialists** at 8% to **primary care** at 14%.
- No gender variation, with both **males** and **females** at 11%.
- Age groups range from “**40 and under**” and “**51 to 60**” both at 8% to “**61 to 70**” at 12% and “**over 70**” at 17%.

“For years, the medical profession has **been predicting a shortage of health care professionals**. Today, we are perilously close to a true crisis as newly insured Americans enter the health care system and our population continues to age. Unfortunately, we may be facing a shift from a ‘calling,’ which has been the hallmark for generations among physicians, that could threaten the next generation of health care professionals.”

—Donald J. Palmisano, MD, JD, FACS,
Former President of the
American Medical Association

To learn more about The Doctors Company, please visit www.thedoctors.com.

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