

From the President:

# When an Increase Is a Decrease

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When is an increase actually a decrease? In the world of semantic manipulation, the answer is obvious.

In 2002 physicians suffered a 5.4 percent decrease in payment for Medicare services. This decrease was allegedly because of errors our government made in calculating the Medicare fee schedule.

The Centers for Medicare and Medicaid Services (CMS) admitted to making an error in calculating the sustainable growth rate, and there is no legislative mandate to correct such an error. Compounding this mistake was our government's call for an additional 4.4 percent decrease in 2003 based on the same formula.

The AMA came to the rescue, and through extensive lobbying obtained a total increase of 1.6 percent for 2003 instead of the 4.4 percent decrease in physician payment that the government planned. Physicians have been ecstatic over this. Many are convinced that the AMA has performed a tremendous service, and that our government has shown real compassion for the plight of physicians.

This scenario may well be correct, but physicians tend to accept as fact what they are told by authority figures in the government and the AMA. Most physicians are far too busy and trusting. They think that those in authority know more about these matters than they, and that they will be treated fairly. Unfortunately, this shortsightedness is one of the main reasons physicians are losing control of their profession.

Let's take a closer look at what has occurred. Is it possible that our government did not make an honest mistake—one that just coincidentally resulted in a substantial cost saving to government at the expense of physicians—in calculating the Medicare fee schedule in 2002 and again in 2003? Could our government have been negotiating a lower fee schedule and seeing just how far it could push the envelope before physicians would complain? Could these decreases be a warning of what is in store for physicians in the future?

If history is a guide, we can count on our government's being disingenuous and gradually decreasing physician reimbursement while it takes over our profession. Our government has most likely not been compassionate, but has achieved significant savings at the expense of complacent physicians.

Meanwhile, the AMA appears to have performed a very valuable service for physicians. There is no question that a 1.6 percent increase is far better than a 4.4 percent decrease for 2003; however, this increase does not fully address the 5.4 percent decrease in 2002. Therefore physicians actually have a net decrease for 2002 and 2003, and physicians are happy about it! They feel that the AMA has acted in their best interests.

There are two other possibilities. First, is it possible that the AMA and the federal government made an agreement beneficial to

both, but detrimental to physicians? After all, the AMA and the government through CMS have had a public-private contract since 1983, in which the AMA provides CPT codes at no charge to CMS. In return the AMA receives significant revenue from sales of CPT codebooks and related services.

This scenario is a distinct possibility. After all, they are business partners. The AMA would do something that appears to be very positive for physicians, and perhaps stop its massive hemorrhaging of membership. The government would gain the decrease in physician payment that it desires. At the same time, the government would appear benevolent toward physicians.

The other scenario is that the AMA is genuinely trying to work for physicians to make the best out of a bad situation, that is that the AMA is dealing with an adversarial government that is disingenuous and determined to cut physician fees. The problem is that organized medicine has a propensity to play “let's make a deal.” In this process there are always tradeoffs, but the medical profession has very little left to trade.

The AMA is also working for malpractice reform. What could our profession trade that would repay the federal government for the 2003 increase in physician payment and/or malpractice reform? Could the tradeoff be that the AMA would incrementally lead our profession into a single-payer arrangement for all age and income groups, or a nominally “pluralistic” functional equivalent? Such a tradeoff would be disastrous for our profession, and for our patients.

Which scenario is correct? I wish I could be certain, but I think it is most likely the latter. I arrived at this conclusion because the AMA appeared to be prepared to accept the Clintons' health plan several years ago and may believe that socialized “single-payer” medicine is inevitable. The AMA is also now part of a Robert Wood Johnson Foundation coalition that recently started a massive campaign to provide coverage for the uninsured. The foundation was an influential participant in the Clinton Task Force on National Health Care Reform.

Yes, physicians have received an increase in payment for 2003, but it is an overall decrease for the years 2002 and 2003. Physicians have had an “increase” that is likely to lead to a massive decrease in care quality for our patients, and the final giveaway of our profession.

We have witnessed another masterful display of semantic manipulation, but physicians as usual have failed to look beneath the surface.

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