

Corporate Practice of Medicine

MAINTAINING INDEPENDENCE IN THE PURSUIT OF EXCELLENCE IN EMERGENCY MEDICINE.

Emergency medicine (EM) is one of the most important aspects of the American health care system. However, the corporate practice of medicine threatens the integrity of the specialty, the career satisfaction and longevity of its practitioners, and ultimately the quality of care delivered to emergency patients. **Despite some prohibitions in the states, private equity firms and hedge funds continue to buy hospitals and practices, exacerbating the problem.**

WHAT IS CPOM?

Corporate practice of medicine (CPOM) laws prevent non-physicians from interfering with or influencing a physician's professional judgment. The intent is to keep business interests out of the patient-physician relationship; physicians should make health care decisions. In EM the need for these controls is heightened as we encounter vulnerable patients who may not have adequate health care coverage.

SOLUTIONS TO CPOM:

Congress should ban relinquishing control over the functions below to management entities, including determining:

- How many patients a physician must see in a given period of time or how many hours a physician must work
- What diagnostic tests or treatments are appropriate for a particular condition
- The need for discharge, admission, or transfer of a patient
- Which patients will be seen by a physician or a non-physician practitioner
- How a physician will interface with a non-physician practitioner

In addition, the following “business” or “management” decisions and activities, resulting in control over the physician’s practice of medicine, should be made by a licensed physician(s) and not by an unlicensed person or entity:

- Selection and the hiring/firing of physicians
- Setting the terms for how physicians enter into contractual relationships with third-party payers
- Disbursement of revenue or setting of revenue targets
- Decisions regarding coding and billing procedures for patient care services.

Most crucially, Congress should close the “friendly physician” loophole by prohibiting a shareholder, director, or officer of a medical practice from owning or managing both the medical practice and the MSO and requiring any physician owners of the medical practice to be engaged directly in care delivery and licensed in the state where the practice is located.

PRIORITIZING PROFITS OVER PATIENTS

“There was a time when I could work unencumbered and just focus on patients. Speed and efficiency is drilled in us as residents. Yet, when metrics came into play, suddenly I was too slow. Acuity and volume of patients made no difference to the company. It took me a while to understand that they were never interested in efficiency to improve care, it really was about speed to increase the volume of patients, like an assembly line. More patients, more money.”

- AAEM MEMBER

HIGHER COSTS FOR PATIENTS

An MIT study found that PE acquisition increased emergency department charge-to-cost ratios, a measure of hospital price markups, by 16% compared to matched non-acquired hospitals.

WE URGE CONGRESS TO SUPPORT LEGISLATION AND POLICIES THAT WOULD PROHIBIT THE CORPORATE PRACTICE OF MEDICINE.

