

Testimony of David B. McDermott, MD, MPH, CPE, FAAFP

In Opposition to

Proposed Reductions to Payments for Hospital-based Physicians

In the FY 2010-2011 biennial budget, L.D. 353

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Joint Standing Committee on Appropriations & Financial Affairs

Joint Standing Committee on Health & Human Services

Room 228, State House

Tuesday, February 17, 2009

Good afternoon Senators Diamond and Brannigan, Representatives Cain and Perry, and Members of the Appropriations and HHS Committees. I am David McDermott, a family physician and Emergency Department director at Mayo Regional Hospital in Dover-Foxcroft. I also am the President-elect of the Maine Medical Association, a professional organization representing more than 3000 Maine physicians, residents, and medical students whose mission is "to support Maine physicians, advance the quality of medicine in Maine, and promote the health of all Maine citizens. "

I am here this afternoon to speak to you about my concerns with the proposed cut in MaineCare payments to hospital-based physicians. I wrote to each of you when this cut was proposed for the supplemental budget in January, and appreciate the receptiveness to my comments that you expressed then.

I moved to Maine in 1993 and settled in Dover-Foxcroft. I was not willing to risk the financial stability of my family on a model I saw then to be failing, that of independent private practice. I found a capable partner in Mayo Regional Hospital as I became their first employed physician. Over the past fifteen years virtually every new physician coming into our community, and many who were already here in private practice, have joined me in the ranks of employed physicians. Now 24 of the 26 members of the active staff at Mayo are employed either full or part time by the hospital. This pattern has been

mirrored across the state and around the country. Hospitals have partnered with their physicians to be able to preserve access to vital primary care and specialist services.

Physicians partner with hospitals for several reasons. They are energized by their ability to see every patient who needs their care without having to limit those who enter the practice based on insurance status. They enjoy having the expertise of the hospital's staff specialists in Human Resources, Quality, and Finance help navigate the complexities of modern employment laws, public reporting and other quality initiatives, and the intricacies of health care reimbursement. In an era of increasing complexity in health system processes the employment model meets the needs of the physicians as they strive to provide the best care possible to each patient that they serve, to incorporate changes learned from that into future practice, and to be compensated fairly for the work that they do.

Hospitals partner with physicians to preserve access for the patients who entrust their care to them. Maine hospitals are the lifeblood of their communities. They are the town's largest employers and are the one place to which anyone can turn for health-related care and information. Their strength provides the infrastructure for health and wellness care delivery throughout the state. They are not hiring physicians to make money on their practices or to corner referrals. They are employing physicians because it is the right thing to do to preserve access for the patients in the communities that they serve. If they don't do this then patients may not be able to get access to the primary care, preventive, and specialist care anywhere near their own community, or even in the state of Maine. Yet with the current reimbursement models the hospitals lose millions of dollars annually on these practices. They do this as they know that maintaining access to the physicians is essential to their mission in their communities.

The current cost-based reimbursement to hospital providers from MaineCare covers about 89% of the costs of providing those services. The current budget proposal would bring MaineCare reimbursement down to cover only 39% of the costs. Those differences amount to an annual total of \_\_\_\_\_ dollars a year

at Mayo Regional Hospital. It is going to be very difficult, if not impossible, for us or for the other community hospitals to continue to recruit, retain, and support the physician panels we need in Maine to provide care to our citizens if this reduction in reimbursement is not reversed. This loss of physicians will have devastating effects on Maine that last long beyond our current economic challenges.

Thank you for the opportunity to share my concerns with you today. I'd be pleased to answer any questions that you might have.