

# Current Perspective

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## An Open Letter to Congress: Medicare Payment Policies and a Tipping Point

I've been interested in politics longer than I've been an ophthalmologist. I've worked in Congress and the State Department, testified before committees, prepared congressional testimony, and met with presidents, senators, and representatives in an advocacy role. I actually read regulations. And I am much more concerned than ever about the future financial sustainability of our profession and availability of quality eye care for our patients. Health care costs cannot rise unchecked, but recent events suggest that some Medicare payment policies may lead us all to a tragic tipping point.

Ophthalmologists complete between eight and 11 years of full-time education and training after college before they begin practice. And they statistically, on average, exit that process hundreds of thousands of dollars in debt. They choose medicine because they love it. (If they were purely financially motivated, they'd get JDs/MBAs, which take three to five years, and work in the tech or financial services sectors!) They chose ophthalmology not for the money (its average annual compensation is in the middle of all specialties) but because they are drawn personally to its challenges, to the mix of medicine and surgery, to the technology and precision, and most of all to the opportunity to make an immediate and profound difference in the lives of their patients.

Ophthalmology practice is different than most medical specialties. The vast majority of ophthalmologists are small businesspeople. The average ophthalmologist is in private practice with four colleagues and employs 15-20 people. Ophthalmology (largely because of the size of technical staff and cost of technology) has the highest overhead in medicine—over 60% on average. Except for geriatrics, it also has the highest percentage of Medicare patients—over 50%. Therefore, it has a lower margin and is enormously dependent on Medicare payment decisions.

Two policy principles have governed Medicare payment decisions over the past decade. First, budget neutrality. Put another way, the size of the aggregate physician payment pie should not grow. This is different from steadily increasing payments per service to hospitals, nursing homes, pharmaceutical companies, and other groups. Second, more money should go to primary care—at the expense of non-primary care physicians. We all need primary care physicians. But we

also need ophthalmologists—and orthopedists, general surgeons, and cardiovascular surgeons for our cataracts, our hip fractures, our colon cancers, and our leaky heart valves.

Over the past 10 years, family physician payments under Medicare have grown 18%. Neurosurgeon payments have decreased 9%. And ophthalmologists' have decreased 5%. Medicare payment for cataract surgery, the most common major surgical procedure performed by ophthalmologists, has decreased from about \$952 in 1994 to \$557 in 2020. This payment includes not just the surgery itself (and all the associated care and records work the day of surgery) but also 90 days of care after surgery! Only about \$360 of the Medicare payment is actually for the surgery itself.

These Medicare payment decreases have occurred in an environment of rapidly increasing costs to run a practice. Medicare's own figures show that average (and remember ophthalmology's costs are higher than average) physician practice costs have increased 30% during a recent 18-year period!

On Aug. 3, the U.S. Department of Health and Human Services released the proposed Medicare Physician Fee Schedule for 2021. An additional 9% cut is proposed for cataract surgery and IOL implantation—to just over \$500—for a complex surgical procedure under a microscope that will hopefully immediately restore vision or, if complications occur, result in blindness. Come on now! But it's not just ophthalmology. The impact across all of medicine is horribly uneven. Cardiac surgery loses another 9% while family practice increases another 13%.

What will be the outcome—particularly with surgical practices across most of medicine having shut down nonurgent cases for months because of COVID-19? What happens when any business comes under significant financial pressure because a major customer (in our case, Medicare) won't pay a realistic rate for services, and they have already cut expenses as far as is prudent? Some will simply stop offering as much of their services to that customer. Some will get out of the business—by sale of the practice to a larger corporate entity (private equity) or simply by closing altogether. In either case, both patients and physicians lose. And I very sadly predict we may be approaching that point.