

Business

INSIDE THIS SECTION

Large Wash. medical center to drop Aetna	20
Practice Pointers	21

THINK BUSINESS IS BAD WHERE YOU ARE? Pennsylvania doctors walked around the 2001 Annual Meeting of the AMA House of Delegates feeling like the Rodney Dangerfields of the medical world, thanks to fee schedules in their state.

"My reimbursement is averaging Medicare minus 40%," said Martin Bergman, MD, a Ridley Park rheumatologist and president of the Delaware County Medical Society. "People from across the country were laughing at us for accepting 60% of Medicare."

Physicians in Massachusetts last year were playing Henny Youngman, releasing a report that depicted the state as not being a good place for doctors. (Take my market ... please!)

But rim shots don't normally accompany such cracks. Speak with most physicians, and they'll indicate that practicing in their home markets is no laughing matter, because, they say, they find themselves the punch lines of what they surmise is a bad joke begot by managed care.

Things are bad in the market — whatever market Joe Q. Doctor happens to be in.

How is it that doctors in each region believe they're so much worse off than others?

Recruiters say doctors often only *think* they're in the worst markets. They don't really know any

Whose grass is greener?

The market for physician businesses may not be great anywhere, but there are identifiable factors that contribute to it being better or worse.

Story by Cheryl Jackson / Illustration by Chris Gash

better, said Don Rainwater, co-chair of the education, membership and marketing committees of the Assn. of Staff Physician Recruiters, a group of hospital-, health system- and medical group-employed recruiters.

"They don't have an outside frame of reference," he said. "Whatever bad happens to them is personalized." So while it seems terrible, compared with what physicians in other parts of the country are experiencing, it may not be that bad.

"The grass is always greener," said Jeff Molnar, regional director of Midwest marketing at Merritt, Hawkins & Associates physician recruitment firm.

With that in mind, *AMNews* decided to ask around and find out which places are really bad to practice in and which are better. It isn't a scientific survey, but several areas came up time and again. In no particular order:

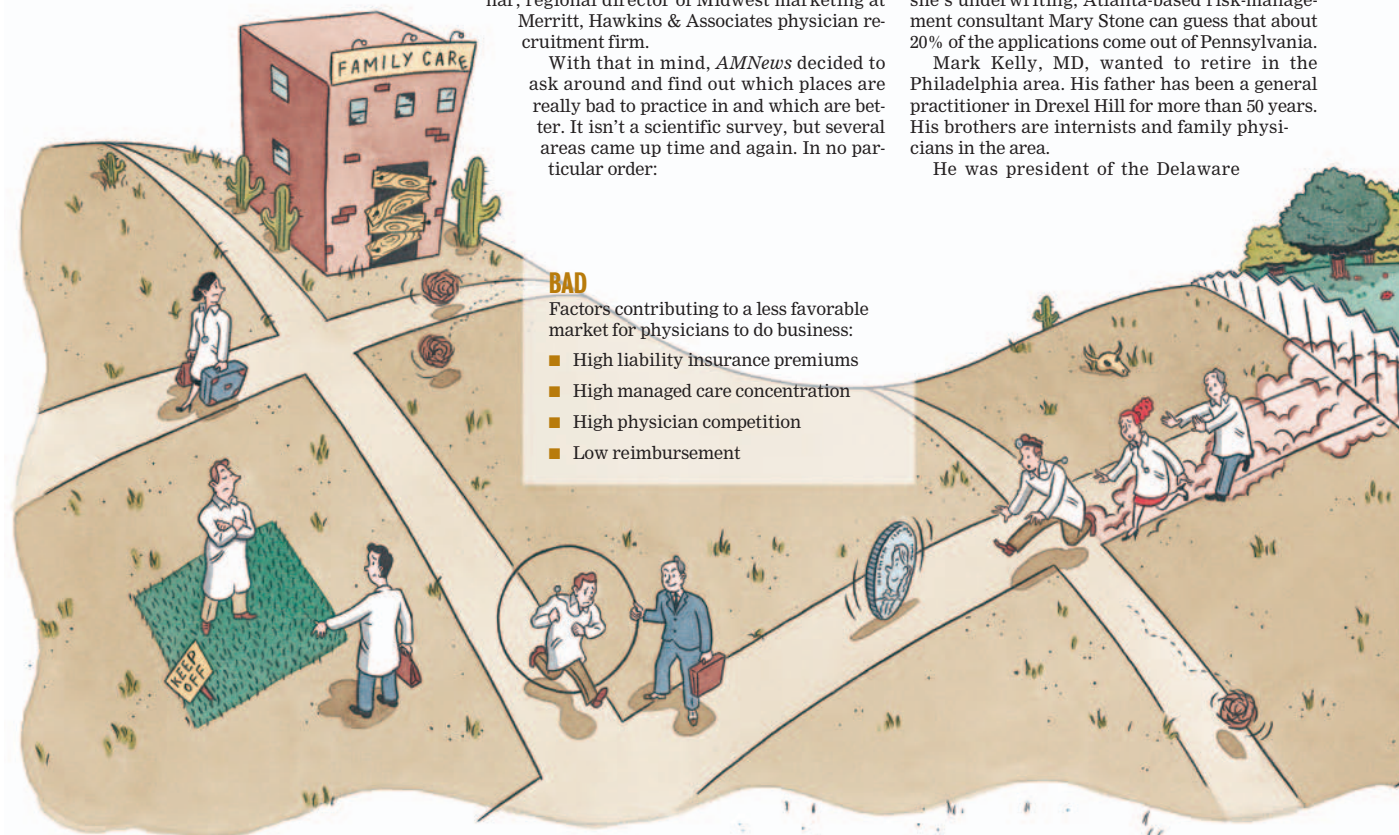
Bad

Philadelphia When they say business is rough, Philadelphia doctors might not be easily dismissed as paranoid. Recruiters and physicians say the physician market there is hurt by one of the lowest reimbursement rates, while liability insurance premiums, already among the highest in the land, continue to skyrocket.

When she looks at the physician applications she's underwriting, Atlanta-based risk-management consultant Mary Stone can guess that about 20% of the applications come out of Pennsylvania.

Mark Kelly, MD, wanted to retire in the Philadelphia area. His father has been a general practitioner in Drexel Hill for more than 50 years. His brothers are internists and family physicians in the area.

He was president of the Delaware



BAD

Factors contributing to a less favorable market for physicians to do business:

- High liability insurance premiums
- High managed care concentration
- High physician competition
- Low reimbursement

County Medical Society and president-elect of the Pennsylvania Academy of Otolaryngology in 2000 before he moved to New Hampshire to join a physician friend in practice.

"The decision was very difficult and very easy," Dr. Kelly said.

His liability premium increased from \$28,000 in 1999 to about \$70,000 for 2001. At the same time, reimbursements dropped to between 65% and 70% of Medicare for the two major insurers in the area that accounted for about 95% of his patients.

Cincinnati Merritt, Hawkins' Molnar says Cincinnati's reimbursement rates are far below the norm for the rest of Ohio. "Our firm typically can't even take a search in Cincinnati," he said. Doctors there are prone to crossing the border to work in Indiana or Kentucky.

West Virginia West Virginia is difficult, with liability and reimbursement issues related to Medicare and Medicaid, said Dustin Koger, vice president of operations of the temporary placement firm Staff Care Inc. in Irving, Texas. More malpractice lawsuits are filed in West Virginia than in other parts of the country, he said, and the settlements are higher.

Risk-management consultant Stone said West Virginia might have higher liability rates because of an overall need for better access to health care.

Miami/Fort Lauderdale Miami is another litigious area, Koger said. Plus, there's a large migrant population, which can present language barriers. And, he said, "the type that gets sued is the person who doesn't have good rapport with patients."

Broward, Dade and Palm Beach counties, with their high concentration of indigent care, also rank high on Stone's bad list. There's more severity and more frequency in the numbers of claims and the types of claims, she said. A doctor there is more likely to run into the pregnant patient who has had little or no prenatal care, then sues when there are complications related to delivery.

Also, Florida overall is unattractive because of a high concentration of HMO plans, said John Couvillon, chief executive officer of Pinnacle Health Group.

Los Angeles Even beyond the high cost of living, Los Angeles is lousy for a physician business, Koger said.

Competition is stiff, and the patient base spans many different cultures, which presents communication issues. Doctors there also tend to have an increased risk of seeing sicker patients.

"Your exposure and your risk factor goes up dramatically," he said.

There has been a lot of movement from Southern California, which has some of the lowest physician incomes, particularly among primary care doctors, said Patricia Collins, chief executive of American Medical Employment Network, which operates more than 300 Web sites dealing with physician employment, including its flagship site (<http://www.phyjob.com/>).

In California, many primary care doctors frequently start at less than \$100,000 — even as low as \$75,000, Collins said. And managed care reimbursement rates there are among the worst.

Washington, D.C./Baltimore An oversupply of physicians in the Washington, D.C., and Baltimore areas is hurting that market right now, Collins said. Doctors seem to just like living there.

"I heard that there were so many physicians wanting to come to D.C. that if they hired every one, there'd be one physician for every patient bed," Collins said.

Better

Newark, Ohio Newark itself may be a nice place to be, but it makes the list as much for what it represents as for what it is.

About 45 minutes northeast of Columbus, Newark is an easy place to sell because it's a smaller, relatively affluent town near a large city, Molnar said. It pays better than its larger neighbor, yet its cost of living is less.

"There are Newarks all over the country," Molnar said.

South Bend, Ind. It's a smaller market, with not as much competition as larger cities, said Cheryl Dennison, manager/senior consultant at LarsonAllen Physician Search. In addition, Indiana has low workers' comp rates and one of the lowest limits on punitive damages in malpractice.

Dallas/Fort Worth Texas is a popular state, and doctors can do particularly well in the Dallas/Fort Worth area, Koger said.

Patients there come from diverse economic backgrounds. And there's no state income tax. Reimbursement levels are good. Salaries are competitive. Most of the population is insured. There is more PPO than HMO business.

North Carolina, Georgia On Patricia Collins' up list are North Carolina and northeastern and south central Georgia, as well as other southeastern states, which more people are moving to.

But, she said, so many doctors want to be in the Research Triangle and Charlotte areas of North Carolina that it drives salaries down.

Fort Smith, Ark. Physicians are expected to do well there as the local economy booms, Collins said. ♦

- BETTER**
Factors contributing to a more favorable market for physicians to do business:
- Physician-friendly liability laws
 - High percentage of insured
 - Good reimbursement
 - Sound economy, low cost of living

