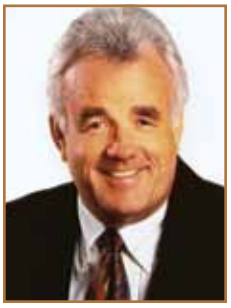

When Orthopedic Physicians Become Employees

James P. Tasto, MD

If you believe in conspiracies, then I have a plot for you to ponder. The methodical and continuous suppression of the medical delivery system with special emphasis on the provider will and has driven the clinician to seek security in employment. The logical employer is the hospital or large corporate medical provider. They too are under pressure but have far more resources than an individual clinician.

With the individual practitioner becoming an employee, there is only one entity to deal with – the hospital. Now the government can control and ratchet down reimbursement as well as overregulate one entity. It will leave the doctor control to the hospital or corporate entity. When the books do not balance at the hospital, it is obvious who will feel the pressure: the physician, who is the ultimate provider of services. The insurance companies will merely jump on the tails of government regulators and dictate without input from the medical community the type and quality of services that they will pay for. Although there are a number of entities involved, this begins to look like a single-payer system.

Recent resident and fellow graduates are seeking salaried employment at a rate of over 50% of their graduating classes. This number also seems to be growing rapidly, particularly in urban areas. The current graduate continues to look for an entity that will allow him more time with his specialty and family and less with administrative tasks. They also fear the risk of failure and are seeking out the security of employment, but they do not recognize that there are some inherent risks in employment by a large corporate entity.

Dr. Tasto is Department Editor for Socioeconomics and Practice Management of this journal; Managing Partner, San Diego Sports Medicine & Orthopaedic Center, San Diego, California; Clinical Professor, UCSD, San Diego, California.

Address correspondence to: James P. Tasto, MD, 6719 Alvarado Road, Suite 200, San Diego, CA 92120

Author's Disclosure Statement: The author reports no actual or potential conflict of interest in relation to this article.

Am J Orthop. 2014;43(4):158-159.

When they choose corporate employment, they are working with a group of physicians of all specialties that they have not chosen to work with. What happens when you are forced to make referrals to a particular department or individual that you would not have done so under the private practice situation? What happens when the hospital loses a contract and must cut its workforce by 20%? Will you be in that 20%? If so, you will not have the opportunity to create a practice and bring patients with you, as they will all belong to the institution that you just left. This will usually require being hired by another large institution in the area or relocating geographically.

> Our young surgeons need to make these decisions on employment very carefully and look to some of their elders for guidance.

Business relationships, partnerships, friendships, and marriages start very easily and oftentimes are very uplifting. Separations, divorce, and breakups are very painful and ugly. Recently there appear to be more and more breakups and dissolutions than there were in the past. Much of this arises from the unrealistic expectations at the end of a very lucrative contract that has a 2- or 3-year guarantee on it. The fine print on these contracts is oftentimes shocking.

Many of the hospitals and large medical delivery systems couch themselves as "nonprofit." That does not deter them from very large corporate salaries for administration. It certainly never appears to reflect itself in physician compensation. A recent report in the San Diego County area listed the salaries of the top 10 not-for-profit executives; 9 of the 10 were in the hospital and medical care delivery sector. Millions of dollars in salary are being paid to these executives, with little attention to physicians and other health care employees. This will eventually lead to physicians being treated as common laborers, requiring

continued negotiations between labor and management. This is a significant distraction from our main goal of providing patient care. We should never be put in a position where our Hippocratic Oath is challenged. We have taken our eye off the ball and have relinquished control, and it is unlikely that we will be able to recapture it. One only needs to look at all the remaining developed countries and realize that we are the last to fall.

In an attempt to raise corporate profits, avoid onerous regulations, and also fight for survival, many CEOs and hospitals have run into significant problems with the Department of Justice and other government agencies. There have been over 100 hospital bankruptcies in California over the last 7 to 10 years. The press is always reporting on the dismissal, investigation, or indictment of hospital officials. We rely on hospital administrators rather than MDs to run our hospitals, contrary to the Canadian model. When remuneration for services rendered sinks to untenable levels, even good people oftentimes are driven to break the law and deviate from their ethics. What happens when, as a young surgeon, you are part of that organization and building a practice in a hospital that then becomes subject to prolonged investigations and loss of reputation? Our young surgeons need to make these decisions on employment very carefully and look to some of their elders for guidance. ■