



The Proceedings

A publication of the Medical Society of Johnson and Wyandotte Counties

Winter 2008

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Medical Society
of Johnson and
Wyandotte Counties
6405 Metcalf Avenue,
Suite 507
Shawnee Mission,
Kansas 66202
www.msjwc.org

Jacque Amspacker
Executive Director
phone: 913.432.9444
fax: 913.432.9004
medicine@msjwc.org

A Message from Our President: "A Hollow Victory"

by Joseph Simone, MD, PhD, FACS

This year is rapidly coming to an end, and it seems that 2008 literally went by in the blink of an eye. Since my tenure as your president will end soon, I would like to take this opportunity to express how honored I have felt to represent our members, and to highlight some critical issues that we still face.

One of the "victories" that organized medicine scored this year was the overturning of the 10 percent cut in reimbursement of Medicare services that we were facing. Although this was an important accomplishment, it is still only a short term fix to a long term problem and I would argue that at best it is a hollow victory. In many ways, all that this did was to postpone an impending Medicare disaster. Without additional measures by Congress, we will be facing a 20 percent cut in Medicare reimbursement in 2010, and that may be only the beginning of what we will see.

However, what seems to have received little attention, is the impact that Medicare reimbursement rates and inflation are having on our practices. During the last ten years, we may have managed to side step large Medicare cuts, but the increase in reimbursement on the average has risen only about 0.5 percent per year. Therefore, during this time our fees under Medicare have only risen about 5 percent. However, during this same period inflation has risen at the rate of 3-4 percent per year, or about a 35 percent increase over ten years. What this means is that after we pay our bills, on the average we have about 30 percent less left over than we did 10 years ago. Since most mature practices are already seeing as many patients as possible and overhead expenses are fixed or can only be cut so much, the only conclusion that

we can reach is that doctors are seeing a cut in their incomes on the order of up to 30 percent! This conclusion may seem to be staggering and is certainly predicated on the assumption that the practice is 100% Medicare based, but nonetheless conveys what I feel is a true sense of what is going on in our profession.

So what's the answer? I wish that I knew, but several proposals have been suggested that at least may allow us to start reversing this trend. First and foremost, the government should have never gotten into the business of legislating what doctors can charge. Ours is the only business or profession that I can think of in the United States where fees are so heavily regulated and in which the free market is not allowed to work.

In a recent editorial in the Kansas City Star by Jim Denning, entitled "Doctors Must Be Free To Set Prices", Mr. Denning argues that by eliminating the "limiting charge" established by Medicare, patients would be free to choose between doctors who offer services and fees over a range that the free market would ultimately establish and everyone, the patient, the doctor and the government, would win. Although somewhat idealized in nature, this proposal does have much merit and certainly is better than the current system that continues to drag us down. It is also noteworthy to mention, that this idea of removing the "limiting charge" was at the core of a recent resolution authored by Dr. Richard Warner and adopted at the Kansas Medical Society Annual Meeting that was held in Overland Park this year.

Although this was perhaps the most important issue facing medicine in the last year, other issues still surfaced. The transition from Wheatland's to WPS

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2008 Recognition Dinner

The Medical Society of Johnson & Wyandotte Counties' Annual Recognition dinner was held Tuesday September 23, 2008 from 6 p.m. to 8:30 p.m. at the Overland Park Convention Center. One hundred thirty legislators, physicians and guests were in attendance.

The keynote speaker was David Gratzer, M.D., Senior Fellow, Manhattan Institute and Author of: *The Cure: How Capitalism Can Save American Health Care* and *Code Blue: Reviving Canada's Health Care System*.

Special thanks to our sponsors, Olathe Medical Center, University of Kansas Hospital, St Luke's Health System, Menorah Medical Center, Providence Medical Center and Swope Health System. ■



Dr. David Gratzer & Dr. Joseph Simone

Richard Warner, MD speaks at the AMA OMSS Interim Meeting



Richard Warner, MD

Dr Richard Warner, former president of our Society and the Kansas Medical Society gave a talk on Health Insurance, Medical Inflation, and the Patient-Physician Relationship. Speaking before the Organized Medical Staff Section, Dr. Warner described how the structure of most health insurance aggravates the inflation of

medical prices. That leads to attempts to counteract the inflation through price controls and bureaucratic management of care. The result is the erosion of the patient-physician relationship and the growing dominance by third party payers. Dr. Warner proposes that the correction of this trend through restoring both first and last dollar responsibility for medical transactions to patients. The lecture was very well received and will be available as a webcast for CME credit on the AMA website in early 2009. ■

FTC "red flag" rules delayed

The Federal Trade Commission (FTC) announced this week that it would delay enforcement of its "red flag" rules until May 1, 2009, six months after the original compliance date of Nov. 1. The rules require creditors—broadly interpreted by FTC staff to include physicians who accept deferred payment—to establish programs that can detect, prevent and mitigate medical identity theft. ■

New Medical Society of Johnson and Wyandotte Counties Member

Lisa Hermes, MD

Physical and Rehabilitation Medicine
2008 Eaton Hall, MS 1046
3901 Rainbow Blvd.
Kansas City, KS 66160

A Message from Our President: "A Hollow Victory" (continued)

Medicare for the processing of Medicare claims that occurred early in the year was a nightmare that most of us do not want to repeat. Fortunately our Medical Society and the Kansas Medical Society were able to offer significant help in getting this issue resolved, although it took time and was not without its toll. We are also facing an expansion of the United Health Care "star" system that does not portend well for our members.

In summary, many critical issues remain before us that need to be resolved. Not all of these issues will be resolved in ways that will make everyone in our profession happy, but please be assured that your Society will continue to do every-

thing that it can to represent and protect our member's interests. I would conclude with the observation that we must look to ourselves for the solution to these problems. To a large degree these problems occurred because doctors gradually abdicated their autonomy to the government and insurance companies. I do not believe that the political atmosphere in Washington, D.C., no matter which party is in power, will ever satisfactorily resolve our problems, and that only through our organizations, such as the Medical Society and KMS, can we hope to begin to affect change that is meaningful for our patients and ourselves. ■



Medical Society of
Johnson and Wyandotte Counties
6405 Metcalf Avenue, Suite 507
Shawnee Mission, KS 66202

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2008 Holiday Dinner



*James Appelbaum, MD, Joseph Simone, MD and
Gary Baker, MD at the Holiday Dinner.*

The 2008 Holiday Dinner was held at 6 p.m. Saturday, December 6, at Milburn Country Club. Physicians and guests enjoyed a wonderful dinner, drinks and holiday music.

Upcoming Event

The 2009 Legislative Breakfast will be held on February 21, 2009 at 8 to 10 a.m. at Menorah Medical Center.

