Doctors Strangled by Bureaucracy

Doctors’ desire to improve patients’ health gets buried under a growing pile of paperwork

PETE SWAB

Doctors navigate dozens of funding streams, each a bureaucratic labyrinth brimming with forms to fill out and rules to follow. In addition to Medicare, Medicaid, and military insurance, there are dozens of other insurance companies, each with a unique set of requirements.

As a result, doctors and hospitals spend more than a quarter of their income on administration, amounting to hundreds of billions a year. Due to a lack of research, these numbers are outdated, with the latest numbers for private practices dating from 1999, and for hospitals, 2011. But that only means the numbers currently known are conservative.

If anything, it’s getting worse,” said Robert Tennant, director of health information technology policy at the Medical Group Management Association, a trade association representing group medical practices. On average, each doctor needs to hire four administrative workers to cope with the requirements. Tennant said: “Here’s the problem: Most care is paid for by a third party, and the insurer can then take hours, even days, to decide if it will pay for the procedure or not. Different insurers have different criteria for submitting prior authorization requests. The related bureaucracy is so complex that medical practices often hire specialists on niches as narrow as single health plan in order to make sure the insurer will OK a treatment.

Doctors generally agree they do too much paperwork, but they share much less common ground on possible solutions.

• Check if the incoming patient has valid health insurance. Tennant said. Many insurance companies use standardized registration criteria. But Medicare, for example, has its own criteria.

• Check if the patient is covered for the needed treatment. Medicare has a complex set of rules governing what it pays for. But at least the rules are public. Tennant said. Private insurers require “prior authorization” for more complex procedures. The doctor must submit a request, and the insurer can then take hours, even days, to decide if it will pay for the procedure or not. Different insurers have different criteria for submitting prior authorization requests. The related bureaucracy is so complex that medical practices often hire specialists on niches as narrow as single health plan in order to make sure the insurer will OK a treatment.

• Ask for the money. After a treatment is administered, the doctor must ask the insurer or the government program for a payment. Yet, each party has different requirements for how the claim should be submitted, in what form, and so on. That means still more forms to fill and bones to pick.

The idea was that Medicare would reimburse doctors partly based on their performance. The problem is that measuring the quality of something as complex as health care through a

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STARTUPS

Uber’s Growth and Dominance ‘Entirely Artificial,’ Says Expert

Uber’s below-cost pricing is not a ‘cultural issue’ story all wrong. Because most people assume Uber is a highly efficient, strong, and viable company, they incorrectly think these ‘cultural issues’ are anomalies that can be fixed. They can’t be fixed.

Most news reports have the ‘corporate culture’ story all wrong. Because most people assume Uber is a highly efficient, strong, and viable company, they incorrectly think these ‘cultural issues’ are anomalies that can be fixed. They can’t be fixed.

Hubert Horan, transportation industry expert

"Uber is just hanging on your thumb," Tennant said. "Many insurance companies use standardized registration criteria. But Medicare, for example, has its own criteria."

"If you look at their economics, you can’t find any basis for expecting financial results to dramatically improve, much less close the $1 billion gap to break even," Horan wrote in an email. "They’ve already cut driver pay quite a lot and find out more savings there." Uber drivers used to receive 80 percent of each ride’s fare, but recent financial data shows a significant drop in that share. Uber has announced that it will still have $7 billion in cash on hand and an untapped $2.3 billion credit facility. The company does not seem to need new capital in the short term.

The Pursuit of Power

Many users consider Uber better than traditional taxis when it comes to service quality, including driver courtesy and professionalism, car cleanliness, and availability at peak times. But these service advantages are achieved through investor funds subsidizing the drivers.

Uber’s below-cost pricing is used as a tool to beat its competitors. The ride-hailing giant sharply cuts its prices when a competitor enters the market, securing substantial losses until it drives out the threat from the market, experts say. Recently, taxi drivers and companies like Yellow Cab and American Cab filed lawsuits in California against

For every

1 HOUR

1 doctor treated to patients.

2 HOURS

2 doctors are spent on electronic health records and desk work.

SOURCES: REX HARRIS/REUTERS, 2016