

The Biden Health Care Plan

By Ron Howrigan

With the election just around the corner, I thought it might be useful to analyze the Biden health care plan and what it would mean for doctors. Let me begin by saying that this is not an endorsement for, or a criticism of, either presidential candidate. This is simply an analysis of the impact that the proposed Biden health care plan would have on our industry. For this analysis, let's assume Biden wins the election, the Democrats keep control of the House, and also take control of the Senate. I want to make this assumption, because some of the scenarios listed below have no possibility of being implemented if the Republicans control either the Senate or the House.

So, with our scenario in place, let's look at what candidate Biden says he will do, once he is President, to address the problems we have in health care.

1. Decrease the age for Medicare to 60. Candidate Biden has talked about being in favor of reducing the age for Medicare to 60 and allowing individuals to choose between their employer's coverage and Medicare. One of the interesting impacts of this would be to give people a path for earlier retirement, seeing that some people continue to work purely for health care benefits. To the extent that people retire earlier, it would lower the unemployment rate. Businesses would like the ability to have their most expensive employees switch to Medicare and would probably provide incentives to help. So, what does this mean for doctors? Well, it means a reduction in revenue. Most physicians get paid better by commercial insurance companies than they do by Medicare. If providers get 150% of Medicare from BCBS for a 61-year old patient who switched to Medicare, the provider will see that same patient, but for less money.

2. Add the Public Option to the Affordable Care Act. Candidate Biden wants to add a government-run insurance company called the "Public Option" as an alternative for any individual purchasing on the exchanges. This public option will most likely be a full network of physicians compensated at 100% of Medicare rates, which will make this insurance very affordable. What will this do for doctors? Well, just like the reduction of the Medicare age, this will mean that a portion of patients will switch from another carrier to this government option, resulting in lower pay for providers. It will also put pressure on the other insurance carriers, who have to compete with this public option, to drive down their reimbursement to your practice. This one could be a double whammy.

3. Boost the ACA. Candidate Biden has several strategies to further boost and support the Affordable Care Act, to help drive down the uninsured populations. On one hand, having more people with coverage is good for doctors, but since these people are likely to come with lower reimbursement levels, it could be a net negative.

4. End Surprise Billing. This may be the only thing that Candidate Biden and President Trump agree on. Both have said they want to eliminate surprise billing. What does this mean for doctors? For most specialties, there likely won't be much change; however, for Anesthesia, Emergency Medicine, and Radiology, it's game over. This will seriously damage, if not kill, independent groups in those specialties by giving incredible power to insurance companies. If you think I am overreacting, consider this: Several years ago, there was a change in reimbursement from Medicare that significantly impacted cardiologists. Today over 70% of the practicing Cardiologists are employed by a hospital or delivery system. The impact that a surprise billing law could have on hospital-based physicians could be worse than the event that drove Cardiologists into the arms of hospitals. In case you are keeping score, that little move also increased the cost of Cardiology.

5. Drug Reform. Wait, we have something else that both Trump and Biden agree on. Both candidates want to reform our current system and go after the drug companies to reduce costs. This one is not likely to impact doctors, and given the power of the drug companies, it may be the hardest task for Biden to accomplish.

So, in a world where Joe Biden becomes our next President, and his party has the majority in the House and the Senate, doctors' bottom line is pretty bleak. Several of his directives would reduce doctors' revenue and pressure insurance companies to reduce their income further. For hospital-based physicians, the picture gets even darker.

What should you do? Since it's hurricane season, I will use this analogy...*Don't wait for the hurricane to arrive. It's tough to board up your windows in 100 mph winds.* The time to prepare is before the thing hits landfall. Every medical practice should be running scenarios on how much revenue they could lose in all of this. Take a look at your practice and calculate the revenue loss if 50% of your patients, from the age of 60 to 65, convert to a Medicare payment level. Calculate how much revenue loss would happen if 50% of your patients, who get their insurance from the exchange, convert to a Medicare payment level. That will give you a good idea of the revenue hole you may be looking at. The next step would be to develop detailed plans on how you will respond. What can you do to reduce expenses? How can you make sure you attract more of the better paying commercial insurance population? That is the kind of planning and preparation you should be doing now. We got caught off-guard and unprepared by COVID. Don't get caught off-guard again by the election.

If, and when President Trump releases any details on his health care plan, I will conduct the same analysis based on a scenario where he wins re-election, and the Republicans control both bodies of Congress.