Exodus to hospital-based employment and its effect on healthcare industry

While the recent healthcare reforms ushered in by the Federal Government promises to elevate clinical and operational efficiency across the nation’s healthcare continuum, it is also going to induce physicians into a more accountable and responsible quality clinical regime. The imminent Accountable Care Organization Model, Medicare cuts, the fear of Sustainable Growth Rate (SGR) backlash, the compulsory implementation of EHR, coupled with the monumental shift to ICD-10 and HIPAA 5010 compliant medical billing and coding have begun to take heavy toll of lone-standing clinical practices. The effective influence of these factors is showing up in an unprecedented exodus to hospital-based employment by both new entrants as well as those that have been practicing for a considerable period of time.

A recent study by the Medical Group Management Association (MGMA) quite endorses this shift to hospital-based employment: 65% of physicians that changed jobs recently have all moved into a hospital employment model. What is more interesting is that the propensity to this model is more common amongst new entrants – almost half of new fellows across all specialties are in favor of hospital-based employment. The shift has really assumed a gigantic proportion. And, when we begin to trace the reasons behind this radical shift, we are invariably led to the following interesting factors:

- The new entrants may not be in a position to match up to the administrative challenges associated with running a medical practice; whereas seasoned practitioners seem to have had enough of their share of administrative challenges
- Many associate hospital employment with a source of secure salary, which might take years in private practice. Therefore, most of the entrants view hospital employment as a safer bet
- Hospitals provide resources such as advanced technology and electronic medical records that small practices might find financially taxing to acquire
- The imminent cuts to Medicare and Medicaid reimbursement rates also happen to be a major discouragement to own private practices as majority of U.S. population is supported by either Medicare or Medicaid
- The monumental shift to ICD-10 and HIPAA 5010 compliant coding, which requires considerable resource allocation on training and system implementation

While physicians are justified in their decision to safeguard their professional interest, this trend of increasing hospital employment may well jeopardize the remote clinical access to millions of people residing in the remote areas where private practices have been the only source of medical care. Moreover, there is a growing apprehension of this exodus making way for monopoly in clinical care. Either way, there needs to be some kind of balance between hospital-based employment and private practices in the nation’s macro healthcare well-being. Yet again, medical billing and coding specialists, who hold the crucial to this restoring this balance through off-loading the administration task off physicians, come to the fore.
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