

MARCA: OPPOSITION  
 Corporate Medicine/Private  
 Equity/Physician  
 Extenders/What Radiologists  
 Can Learn From History

Rick Aizpuru, MD, RVT  
 Minnesota Radiologic Association  
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Financial Disclosures:

- Retired Midwest Radiology, PA 6/30/21
- Employed and collaborated with every physician extenders discussed today
- No agenda against physician extenders
- My agenda has always been protecting Radiology from predators
- No Corporate or Private Equity Interests/Employment

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MARCA

- Dangerous, seemingly simple piece of legislation
- Medicare will reimburse another group of physician extenders at 85% of the MFS
- MARCA is TROJAN horse which will create a new cadre of physician extenders due to MONEY and ease of REIMBURSEMENT
- MARCA in combination with Private Equity/Corporate radiology is an existential threat to the specialty of Radiology and EACH individual radiologist's job security.



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### EXTENDERS REPLACING PHYSICIANS IS A REALITY

- MD Medical, Dallas, TX May 2018 replaced all 27 Pediatricians with NPs (2016 revenue \$55 million, \$8 million earnings before RIF)
- Mercy Health System, Inc., 2015, 90% of the time staffed by NPs
- Edward-Elmhurst, Chicago, April 2020, terminated 15 physicians replaced by NPs and PAs
- Watertown Regional Medical Center, WI: CRNA staffing model April 7, 2021 ENVISION

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### LESSONS FROM ER MEDICINE AND ANESTHESIOLOGY

- Historical experience in ER and Anesthesia : replacement of physicians with extenders
- EM and AN have a 15 year experience
- "Supervision" is used to justify ratios of 4 extenders to 1 Physician
- **RESULT: ER workforce task force predicts an EXCESS of 6-10,000 ER physicians by 2030 because 20-30% of their work will be done by extenders**
- EM and AN are trying to REGAIN control: BIG PE MONEY is involved: uphill battle
- Radiology is the last of the 3 Big Hospital Specialty Groups

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### PRIVATE EQUITY AND PHYSICIAN DISPLACEMENT

- \$750 Billion invested in HC in the last decade
- PE focuses on short term revenue generation through CONSOLIDATION and amplifies ANTICOMPETITIVE practices
  - Optimization of profits
  - Reduce labor costs
- **Physicians are the most expensive cost**
- PE/Corporations/Large Health systems fund physician extender mills
- **Cautionary tale:** Dermatology, 1000 PE practices, PE valued at \$14 Billion; Employing 1,100 dermatologists and 750 NP/PAs; preferential scheduling
- PE funds operate under the public and regulatory radar leaving the vast majority of PE deals in healthcare unreported, unreviewed, and unregulated
- PE fundamentally incompatible with a stable, competitive healthcare system that serves patients well and promises the well being of the population.
- **Reimbursement for an extender (supervised or unsupervised) being paid at 85% of the Medicare Physician Fee Schedule is a huge profit opportunity for large employers**
- American Antitrust Institute May 2021

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## VIEWS ON PHYSICIAN STAFFING

- Kirk Jensen, MD, MBA, Chief Innovation Officer
- July 2017 Envision Corporate retreat
- Outlined the best way to use Physicians and Physician Extenders in a busy ER department
- 75% of ER costs are LABOR (Physicians, NPs, PAs)
- 25-30 % emergency room cases could effectively and independently be covered by one advanced practitioner or physician assistant.
- **"Emergency Physicians may be the scarcest resource in the ER, but they are not the most important."**

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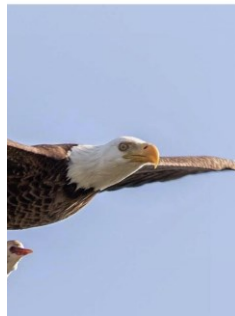
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## Private Equity in Radiology

- Apex predator with an insidious economic impact on medicine
- Unregulated investment platform with the sole objective of aggressively generating short term revenue for the firm and its investors without regard for long term value to the society including the public health



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## RADIOLOGY CONSOLIDATION

- 12% of the 40,000 radiologists in USA currently employed by private equity backed entities, including:
  - **TEAM HEALTH:** Blackstone acquired in 2017 for \$6.1 billion
    - 16,000 providers – mostly EM
  - **ENVISION:** KKR acquired in 2018 for \$9.9 billion
    - Multi-specialty contract management group, incl. 850 radiologists
  - **RAD PARTNERS/MEDNAX/VRAD:** RP purchased Mednax in December 2020 for \$885 million / employ 6-8% of the radiologists in the United States
  - **LUCID HEALTH**
  - **US RADIOLOGY SPECIALISTS**
  - **SIMON MEDICAL IMAGING**
  - **FOUNDATION RADIOLOGY**
  - **CDI/RAVUS**

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## MARCA, Physician Extenders and Physician Replacement

### History teaches that Corporate Medicine/Private Equity will capitalize on this new reimbursement scheme

- 425,000 NPs (CMS reimbursement 1997) – 150% increase in numbers in 1999
  - Independent in 23 states and DC
- 145,000 PAs (CMS reimbursement 1986 eligible thru provider, direct 2022)
  - Independent in 2 states
- 600 Registered Radiology Assistants (no reimbursement)
- 23,000 Cardiologists
- 3,100 Vascular Surgeons
- 40,000 Radiologists
- Conservatively 575,000 extenders versus 66,100 physicians
- MINOR ISSUE : Moving to a competitor
- MAJOR ISSUE : CHEAP LABOR TO REPLACE Radiologists

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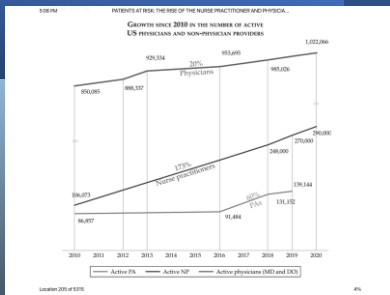
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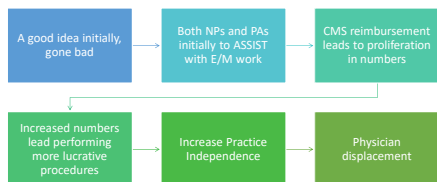
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## PHYSICIAN EXTENDERS AND SCOPE CREEP



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