It is an honor and privilege for me to become the 163rd President of our Pennsylvania Medical Society this evening and to be here to today to present my vision for the upcoming 12 months.

First, allow me to acknowledge all those who have contributed so much to my medical career, and to my involvement here at our Pennsylvania Medical Society.

It was a prior Pennsylvania Medical Society president from Delaware County, the late Dr. John Lawrence, who encouraged me to join and get involved in our county society. Thank you to Mr. David McKeighan and the Board of our Delaware County Medical Society, and to all the execs, leaders, and members of the Second District, all who have given me incredible encouragement and support over many years.

Thank you to my partners in practice, to my office staff, to our excellent staff here at the Society, and to our past and present leadership.

Most of all, thank you to my lovely wife, Judy, and to my family for the support and love that they have given me as I pursued my career and with my involvement here. Judy, thank you for putting up with me and my obsession. I love you.

My personal mantra working in organized medicine has been Working Harder...Working Smarter... Working Together!

I have selected this theme for my presidential year because I believe that this is relevant to addressing the challenges that we face here at the Pennsylvania Medical Society.

The Pennsylvania Medical Society has a long history of commitment to helping doctors help patients. I believe in the power of organized medicine. Working harder, working smarter, and working together we are more powerful and can accomplish so much more than if we try to do everything as individuals.

We are witnessing enormous changes that affect how we work to provide care to our patients.

Dr. Brian Avin, in his inaugural speech last Saturday night in Maryland, stated, “We must change with the times, and we must lead in times of change.”

The changes we are seeing will continue to challenge the ways we have traditionally practiced. They challenge the quality of care patients receive from us. They challenge our livelihood, and they challenge the entire structure of healthcare.

We are all working harder to satisfy unfunded mandates including E&M documentation, endless compliance issues that add nothing to the quality of care, and, yes, the ever present liability concerns. This all translates into seemingly endless computer clicks on each patient encounter. These all detract from quality time with our patients. Patients complain that all they see is the back of our heads as we hunt and peck on our keyboards.

Dealing with third party payers’ benefit managers now demands additional hours of time and adds to the hassle factor as we try to get our patients’ insurance companies to allow us to provide the care that they need.

My friend, Dr. Richard Leshner, warns his patients "It's getting crowded in here, with more people than you know in the exam room with you." We all know who they. These “intruders” all believe it is their job to manage the health care that we are trying to provide for our patients.
The SGR remains unfixed and its costs are ignored within the Affordable Care Act. It is inconceivable for anyone to think that we can remain in practice with any ability to provided necessary care to patients with a 27 percent decrease in payments under the SGR, with an additional 2 percent decrease in health care payments under sequestration, and with Pennsylvania’s expansion of Medicaid with payments at only 60 percent of Medicare.

We simply cannot lose money on every patient, and still be able to provide access and quality care.

We are all working smarter. Technological and pharmacological improvements in healthcare have combined to extend both the length and quality of life for our patients in ways that exceed the wildest imagination of prior generations, but we cannot escape the reality that society cannot afford all of the medicine that we are now capable of practicing.

Computerization has totally changed how we learn, how we access information, and how we diagnose and treat our patients.

Our Pennsylvania Medical Society has been at the forefront of helping us to implement our EMRs and to qualify for meaningful use; however stage 2 of meaningful use and converting to ICD-10 remain to be conquered.

The upcoming election may impact the form health care reform takes, but one way or another, payment reform will move forward. There is no turning back.

We all oppose rationing, but we must address appropriateness criteria for the care we provide.

We have always stood for QUALITY, and that is the moral high road, but we must work smarter with the value equation, which includes our consideration of costs.

Can we maintain quality and still have an impact on improving value by decreasing costs? I believe we can. If we do not take the lead in addressing the COST component of the VALUE equation, others will do it for us in a way that may not be in the best interest of our patients or in our ability to deliver their care.

With all these challenges can come opportunities; opportunities for us as individuals, and for us to work together through our Pennsylvania Medical Society.

Volume driven reimbursements are under attack for causing too much being done with the result of increased costs. Payments are already being modified to include quality incentives, and may quickly evolve into value-based payments as healthcare reform progresses.

There is strong support for value-based payments in the business community, with insurers, and by our government.

A number of our specialty organizations are already actively addressing appropriateness using their guidelines and best practice criteria, and are determining that a number of high volume, high cost services need not be done.

It is by working together that we will have the opportunity to keep physicians in control to assure that quality is retained, that the services provided meet the real needs of our patients without undermining the economic integrity of our practices.
We must not only be at the table, but we must take the lead! I believe that we do have the key elements of infrastructure including the highest-level representation of our specialties within our Specialty Leadership Cabinet, credible connectivity with our payers through our Medical Directors Forum, and access to a receptive Governor and legislature.

As my first recommendation as President Elect I therefore propose:

That the Pennsylvania Medical Society explore promptly putting together a team of primary care and specialty physicians to work with the Governor and the legislature, the business community, and our payers to develop a statewide network for value-based practice of medicine here in Pennsylvania. We must work toward appropriate economic and liability protection for physicians who practice value-based medicine consistent with established specialty guidelines and best practices.

DEFENSIVE MEDICINE must be addressed, with its excess of sixty billion dollars of cost annually. Our legislators cannot pretend that defensive medicine does not exist, and must take real action to fix it!

When things do go badly during the care we provide, who would advocate that we avoid frank discussion with our patients and/or their families? We need to be able to sit down with them and say “we’re sorry,” and to be able to frankly explain what happened without fear that this will be held against us in court.

Many of our patients now have "skin in the game" with their increased co-pays, high deductibles, and health savings accounts. We, as physicians, need an increased awareness of the cost of those computer clicks we make as we order studies and procedures. Our patients need cost transparency, and to know that their insurers have negotiated fair pricing for them.

Working together we are stronger. I’m not just talking about working together here with our counties and with our specialties. Let me highlight some of the numerous examples of how we are working together with our state government, with our hospitals and medical staffs, and with other healthcare stakeholders.

We have developed a closer working relationship with the Hospital and Healthsystem Association of Pennsylvania on issues of mutual interest including trying to resolve the M-Care conundrum, and more recently working on deemed status. We both recognize that the probability of achieving our goals is greatly enhanced when physicians and hospitals go to the legislature united. We also understand that there are issues where we are going to agree to disagree.

Hospitals’ ability to work collaboratively with physicians has run the spectrum from excellent to atrocious. Physician control over patient safety, quality, and appropriateness of care was traditionally assured through the independence of our medical executive committees. There are concerns that independence may be compromised. Traditionally the members of our MECs were elected. Now, many are selected. Many are owned or economically dependent upon their institutions. Ethically, we as physicians have an obligation to put patients first. We cannot be subject to pressure to inappropriately market an institution or its products. The MECs also must be there to protect staff members from economic credentialing, bullying, or trumped up charges of being a “disruptive physician.” Our MEC members must have the insight and courage to assure that there is fair and appropriate peer review, and to prevent sham due process.

When that internal process breaks down, physicians should have an option of an independent external peer review. This would help guarantee fairness in the internal workings of our medical staffs, and would help to re-establish a level playing field for physicians. The presence of independent external peer review process actually could help ward off costly legal interventions.
As my second recommendation as President Elect I therefore propose:

**That the Pennsylvania Medical Society work with the legislature and regulatory agencies to establish an independent external peer review process which would give physicians the option of invoking that process at any time that they feel they have been denied fair due process internally.**

CMS’s mandating the use of Observation Status has led to some serious unintended consequences. Medicare patients may fail to qualify for extended care facilities under the 72 hour rule. In the private sector, classifying observation status as “outpatient” place of service has caused many patients to encounter significant costs for co-pays and deductibles, especially where hospital systems have taken advantage of their ability abuse their pricing power. Observation status also causes major billing confusion, and places the burden of collecting co-pays and getting referrals upon our staff, and with the risk of non-payment.

The Pennsylvania Medical Society’s Medical Directors Forum has agreed that CMS should work with all stakeholders to correct these problems.

As my third President Elect’s Recommendation I therefore propose:

**That the Pennsylvania Medical Society work through our Medical Directors Forum, and through our AMA delegation to request that CMS readdress the Observation Status’ “outpatient” place of service designation, with full consideration of its impact on the three-day rule, unreasonable costs to patients, prior authorizations, referrals, and co-pay collection obligation that fall onto our office staffs and affect our productivity and payments.**

Caring for our patients today is a team effort. Primary care physicians and specialists must work together and collaboratively with all elements of the healthcare team, often in a vertically integrated system, dealing with our hospitals, insurance companies, the government, and other healthcare providers. We must be ever vigilant that the line where clinical decisions regarding quality of care, patient safety, and medical appropriateness is made is at a level that is physician directed.

Our Specialty Leadership Cabinet provides a forum and a deliberative body where issues of interest to various specialties can be brought forward, and can achieve valuable broad based support of the house of medicine that can more effectively advance their goals.

Last year our House of Delegate’s Resolution 305 on Regulation and Transparency of Cardiology and Radiology Benefit Managers Contracts was brought to the Board’s attention from the Specialty Leadership Cabinet. It then went forward to the AMA, and is now back from the AMA with model state legislation.

As the healthcare landscape continues to change, our Pennsylvania Medical Society needs to adapt to assure that we are relevant to the NEW NORMALS of today’s practice.

Physicians have rapidly shifted towards employed status. Hospital systems have strong pricing power, and now enjoy disparities in payments compared with private practice, and they have the ability to cost shift from other revenue centers. This allows them to control their markets. Please be sure to put the September 26th JAMA article, “Overcoming the Pricing Power of Hospitals” on your must-read list!

Much of this current economic advantage is not guaranteed going forward. Most physicians’ contracts are relative value unit (RVU) production based which will not hold up under value-based payments. Employed physicians’ contracts are typically subject to periodic reviews, and at some point, will have to be renegotiated, potentially in an environment where hospital reimbursements have been cut. Physicians lacking negotiating skills can be at a serious disadvantage. PMSCO must be there for employed physicians to strengthen their position in contract negotiations.
Regardless whether we are in private practice or employed, there is much more that we have in common than our differences. We all care about access and quality of care for our patients. Our core values and skill sets remain the same. Our Patient Advocacy and Political Advocacy agendas are similar.

Our Practice Advocacy Executive Council provides a balanced approach. It is now chaired by an employed physician and contains numerous employed members. We provide excellent contract review services, and our payer relations division is developing a strategic plan to address its advocacy and service orientation for the growing number of employed physician members. It is critical that we continue our aggressive efforts to determine, develop, and to promote services that are relevant to our employed physicians, even as we continue our more traditional services to all of our private practice members.

Finally, let me address an important item that will determine the future structure of our Pennsylvania Medical Society.

Last year our young physicians brought forth a resolution asking us to study our House of Delegates and our PAMED governance. They challenged our present meeting format and the function of the House of Delegates. A number of our counties have experienced difficulty in getting members to serve as delegates, and the relevance of much of what we do here and how we do it has come under question.

Your Board and the Executive Committee have taken the Young Physicians’ resolved very seriously, and have responded by bringing you a special report from our Task Force to Improve Governance Process and Structures.

This weekend you, our House of Delegates, will deliberate the future of our House of Delegates, and will provide your input into the future governance or our Pennsylvania Medical Society. You have a very important task before you. Please give this your highest attention, and focus your deliberation on what you believe is in the best interest of the future of our Pennsylvania Medical Society, and the patients and physicians that we are committed to serve.

My most sincere thank you to our excellent dedicated staff, without which our Pennsylvania Medical Society could not exist. We truly appreciate you efforts and skills. I also want to extend a very special thank you to Denise Zimmerman, who will be leaving us in May of next year. Denise, it has been a great pleasure to work with you over your many years and we all recognize your tireless dedicated service. We all wish you many long and happy years of active retirement.

Have a very productive weekend. My charge to all of us is that we work hard, work smart, and work together in the best interests of all of our physicians and the patients that we serve. I look forward to seeing everyone at the inauguration this evening. Please be there to support the silent auction and to honor our student scholarship recipients, as the Alliance presents its100th scholarship. A most sincere thank you to all of you for your dedication and commitment to our profession.
Recommendations of the President Elect

(Referred to Reference Committee C)

I recommend the Pennsylvania Medical Society:

1. Explore promptly putting together a team of primary care and specialty physicians to work with the Governor and the legislature, the business community, and our payers to develop a statewide network for value-based practice of medicine here in Pennsylvania. We must work toward appropriate economic and liability protection for physicians who practice value-based medicine consistent with established specialty guidelines and best practices.

3. Work through our Medical Directors Forum, and through our AMA delegation to request that CMS readdress the Observation Status’ “outpatient” place of service designation, with full consideration of its impact on the three-day rule, unreasonable costs to patients, prior authorizations, referrals, and co-pay collection obligation that fall onto our office staffs and affect our productivity and payments.
Recommendations of the President Elect

(Referred to Reference Committee D)

I recommend the Pennsylvania Medical Society:

2. Work with the legislature and regulatory agencies to establish an independent external peer review process which would give physicians the option of invoking that process at any time that they feel they have been denied fair due process internally.