Nevada Hospital Association

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September 8, 2022

Re: Employment of physicians

Dear PPC Commissioners:

The Patient Protection Commission (PPC) has spent considerable time and effort reviewing the cost of care but has spent little time on patient access. In fact, the PPC's Bill Draft Request (BDR) prohibiting most hospitals from employing physicians **will decrease access** to healthcare for Nevadans.

Nevada has a well-documented physician shortage. The Nevada Health Workforce Research Center issued a report, Physician Workforce in Nevada: A Chartbook, in January of this year. Significant findings in the report include:

- Nevada's rank among U.S. states is currently 45th for active physicians per 100,000 population, 48th for primary care physicians per 100,00 population, and 49th for general surgeons per 100,000 population.
- Nevada is below the national average in 33 of 39 physician specialty areas, including general surgery, pediatrics, and psychiatry.
- Clark County is below the national average in 34 of 39 specialties areas, including family medicine, emergency medicine and psychiatry.
- **Nevada would need an additional 1,589 physicians to meet the national rate.**

Nevada's physician shortage is far worse than other states participating in the Peterson-Milbank Program for Sustainable Health Care Costs. Below is a ranking of the other states for active physicians per state[1]:

- Massachusetts: 2 of 51
- Rhode Island: 6 of 51
- Connecticut: 7 of 51
- Pennsylvania: 9 of 51

[1] https://www.beckershospitalreview.com/workforce/this-state-has-the-most-physicians-per-capita.html Using December 2020 data.

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- New Jersey: 12 of 51
- Oregon: 14 of 51
- Delaware: 20 of 51
- Washington: 23 of 51

Nevada is 46th out of 51! All the other states participating in the Peterson-Milbank program are in the top half! The PPC should focus on placing Nevada in the top half. The proposed BDR will not accomplish that.

Prohibiting hospitals from recruiting and employing physicians will exacerbate the problem. Many Nevadans already wait too long for primary care and specialty physician appointments. Access is difficult.

Further, the way physicians choose to practice is changing. Many seek employment relationships rather than opening their own private practice or joining a small practice. Hospital employment is an appealing option for many. The American Medical Association (AMA) recently published a research report that supports this position. The AMA found:

- 2020 was the first year in which less than half (49.1 percent) of patient care physicians worked in a private practice - a practice that was wholly owned by physicians.
- In 2020, almost 30 percent of physicians worked directly for a hospital or for a practice at least partially owned by a hospital or health system.
- Fifty-five percent of physicians age 55 and over, but only one-third of physicians under the age of 40, worked in a private practice in 2020.

Source: AMA Policy Research Perspectives – Recent Changes in Physicians Practice Arrangements: Private Practice Dropped to Less than 50 Percent of Physicians in 2020. *https://www.ama-assn.org/system/files/2021-05/2020-prp-physician-practice-arrangements.pdf*

This report demonstrates that younger physicians seek employment opportunities outside physician owned practices.

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The PPC's BDR is clearly counter to national trends. Some commissioners may say, "Nevada will do it our way." This thought process misses one important point. We compete on a regional and national basis to recruit physicians. If a young doctor wants an employment option and doesn't want the hassles associated with operating a private practice, they will easily find opportunities in other states. In addition to providing a variety of employment options; other states may have better reimbursement rates and a higher ranked public school system for their children.

Nevada competes with other states for experienced physicians, but it also competes for our own Nevada medical school graduates. The number of in-state Graduate Medical Education (GME) slots is insufficient to provide the residencies and fellowships our medical school graduates need to complete their training. Unfortunately, many of our grads go out-of-state to receive their training. When they finish their programs, we compete with healthcare providers in other states to recruit them back to Nevada. To be successful, Nevada must offer a variety of options, including employment, to them. The AMA report is clear. Many younger physicians are looking for employment opportunities. **We need every tool available to bring them home.**

Hospital employment is an important component in retaining physicians too. Nevada physicians who have been in private practice for years often become overwhelmed by the pressures of operating a practice. They choose to close their practices and be employed. Often, they look out-of-state for options or to the community's hospital. We can't afford to have any physician's leave the state. The PPC's BDR appears to allow public hospitals and educational institutions to employ physicians. Will these entities recruit all the physicians needed in Nevada? Do these entities have the capital available to recruit and pay all the physicians needed in the state? Will they assume the responsibility or be required to recruit physicians for hospitals prohibited from employing physicians?

Please consider this example:

- Hospital A is prohibited from employing physicians. It needs two anesthesiologists. Does Hospital A place an order for two anesthesiologists with one of the exempt entities? Which exempt entity will be responsible

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for recruiting the anesthesiologists? Will payers, commercial or non-profit, recruit the providers Nevada desperately needs? Will exempt entities use their capital to employ the anesthesiologists for Hospital A? Will the exempt entities be required to reduce the number of surgeries performed at their hospital and loan their anesthesiologists to Hospital A? If Hospital A does not have anesthesiologists, operating rooms shut down and Nevadan's will not have access to the care they need. Surgeons can't practice and will leave, and operating room nurses will be reassigned to areas of the hospital in which they are uncomfortable and will also likely leave. Emergency room patients who need surgery will be forced to transfer to a hospital that has an anesthesiologist. None of these questions have been asked or explored[2]. The PPC has simply decided less physician employment options will magically create more access.

Certain physician specialties are well suited for hospital employment. Consider hospitalists. They are dedicated in-patient physicians who work exclusively in a hospital. Typically, they practice at one hospital. Why would a hospitalist want to leave the employment of a hospital and incur the expense of establishing their own medical practice, keeping records, purchasing malpractice insurance, and dealing with lawyers and accountants to operate their practice? Pathologists are another example. They often work in hospital laboratories. Why should they be independent contractors and have the burdens of private practice?

As we stated in public comment to the PPC, "When you pull or push in one area, it affects other areas." Our healthcare delivery system is complicated and fragile. The PPC's BDR further complicates the healthcare delivery system, and it will negatively impact the state's ability to recruit and retain physicians. Because of the state's physician shortage, it's a bad idea to experiment and make such a drastic change that will likely impede access to health care. In fact, patients will be less protected by the actions of the commission.

[2] As noted in a June 15, 2022 letter to the PPC from the Nevada Association of Health Plans, the Commission does not include representation from all sectors of the Health Care Delivery system in Nevada and this has created a lack of understanding in making recommendations. We agree, as this example demonstrates.

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We hope the PPC will reconsider its decision to pursue a BDR on this subject. It is time for the PPC to follow Governor Sisolak's mission statement of having **all stakeholders** work together on the critical task of **improving health care access**. Without access, cost is irrelevant.

To provide access to Nevadans, the PPC should consider BDRs to:

- Increase Graduate Medical Education in Nevada;
- Increase Nevada's inadequate Medicaid reimbursement rates; and
- Create loan repayment programs for providers in critical shortage areas.

Thank you for your consideration of this request.

Very truly yours,

Patrick D. Kelly
CEO