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Basic Budgeting A Reform Essential

BY BETH HOOPLE

A quick look at payroll deductions provides a great starting place for any discussion about Medicare reform. Neal Graham, an attorney with Harris Shelton Dunlap, explained that the Medicare Overhaul Bill needs to consider where Medicare funding comes from.

“Those monies derive from FICA payroll deductions. From combined employee-employer matched deductions, 2.9 percent is paid in for medical health insurance,” Graham said. A realistic radical overhaul might include a consideration of exactly how much money is going into the fund, and organizing the regulations in accordance with the funding. For a long time, he feels, it has operated on a system of “robbing Peter to pay Paul.” Senior citizen groups like the Coalition for Retired Americans and the AARP are against cuts in funding, but those objections shift the worry about deficit spending on to the next generation.

“Also, some of the experts who are negative about reform are working to provide entitlement, but make no provision for funding the entitlements.” Graham continued. Reformers on both sides, he feels, sometimes forget that spending cuts will affect programs like Medicaid; here in Tennessee, that program is TennCare.

“That’s how it is now for TennCare,” Graham elaborated. “They have a finite amount of money, and when it’s gone, it’s gone. So, those en-

titled to funds may not receive them. I don’t think it’s clear how Medicare would be affected under similar circumstances. For all these issues people are wondering ‘What does it mean to me?’ This is especially true for the elderly, low wage earners, uninsured workers, and baby boomers facing eldercare

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— Neal Graham, Harris Shelton Dunlap



issues.”

Medical malpractice law is an especially critical issue here in Memphis, Graham related, because of our proximity to Mississippi.

“For the past 10 or 12 years, Mississippi has become a Mecca for huge malpractice settlements, and it could happen here as well.” Exorbitantly high malpractice settlements across the state line have raised malpractice insurance rates nationwide. Juries influenced by such settlements could be tempted to make the same judgments in favor of plaintiffs and contribute to the spiraling insurance costs.

Another continuing concern for medical practitioners is the increasingly complicated pyramid of third-party reimbursement providers.

“It’s difficult to talk about provider

issues, because there are often so many layers of involvement. Say, for instance, that you have a primary care provider like Signa as the insurance company, but there may be a third party payer, an administrator, maybe even a hospital involved. A lot of times, you need a diagram to show how many companies are involved.”

Other ongoing corporate medical legal issues include issues surrounding use of contract labor, an issue many more professions are dealing with recently. Of course, there have always been federal and state tax issues. Medical practices have long de-

pended on assistance from the legal profession in the face of increasingly complicated regulations and never-ending changes.

“We’re also well aware,” Graham added, “that non-profit hospitals and clinics are the backbone of the medical safety net. Naturally, if they’re non-profit, they don’t pay taxes on profits, but they are required to have an emergency room open 24/7.” Again, with shrinking reimbursements, financial and legal pressures for non-profits increase.

Approximately 50 percent of the firm’s practice is devoted to healthcare, with about five attorneys handling corporate and regulatory and another five defending physicians and hospitals.

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