



David Dahm: 'GPs still have the upper hand.'

# Managed care: a new threat to GPs?

The influx of multi-billion-dollar health care companies trying to take their piece of the Australian health care pie may have a big impact on GPs. *Jacquie van Santen* asked management expert *David Dahm* what GPs can expect as US companies make their commercial moves.

DAVID Dahm is blunt. He predicts that recent health care reforms and the current growth of overseas and local multi-billion-dollar health care companies will force most doctors to sign contracts for service within the next two to five years. GPs included.

"There is enormous potential for doctors to lose both clinical and financial control of their practice," he maintains.

Mr Dahm is the managing director of Australian Clinical Practice Managers, a company which provides independent practice management consultancy advice and management services to the medical profession.

He has watched with growing

interest the infiltration of large health care companies wanting to buy up big in the health care industry. And what he sees disturbs him.

"I feel the profession does not fully appreciate how critical the situation has become," Mr Dahm said.

"Currently, 90% of health care costs are controlled or influenced by one sector – the medical profession. You are the target.

"Simply, if you can channel the number of referrals to a specialist, or to some other diagnostically related service ... then you are able to control the number and type of hospital admissions, the number of diagnostic tests, and pre- and post-operative care. This is a very attrac-

tive proposition to an entrepreneur operating under a fee-for-service system if he or she also owns the related services.

"Every health care company knows that doctors are the suppliers of the next patient ... Clearly general practice is the key, and health care companies want to buy in or at least be closely aligned with GPs."

Mr Dahm said recent amendments to the Trade Practices Act 1996 (which has partially deregulated the profession and now allows advertising), the Private Health Insurance Reform Act 1995 (which allows doctors to contract with insurers and hospitals, which means no medical 'gap' payments) and the Industrial Relations Reform Act 1994 (which has introduced enterprise bargaining) have created a private health care industry targeted for prime growth – "extremely attractive to entrepreneurs".

"Doctors in one sense are a small business. However, unlike a small business, professional ethics dictate that it is inappropriate for a doctor to opportunistically base

clinical decisions on personal reward ... To the contrary, entrepreneurs, by directly imposing market principles on doctors and hospitals, overturn the implicit and explicit understandings that have allowed doctors to balance professionalism, viability and service on behalf of their patients."

His sentiments are echoed in an editorial by AMA SA's president, Dr Trevor Mudge, in the latest edition of the *SA Medical Review*.

Dr Mudge says: "Health funds and big private hospital groups do not have the 6000-year history of an ethical tradition dating from the time Hippocrates stated that the patient shall be the practitioner's paramount concern. The patient may well be better protected by greater involvement of doctors in such arrangements than they would be by economists, corporate executives, and bean counters driven by the bottom line alone."

Mr Dahm said the current perception that managed care in Australia was defunct was "seriously flawed".

He speculates that the advent of 'super clinics' or 'super networks' will see the emergence of strong market branding. "Patients will know what to expect. You may not be able to order a filet mignon for \$3, but then again a [hamburger] is not going to kill you and will fix you. Consumers will seek instant gratification – which will be perceived as value for money.

"The entrepreneurs will make it very attractive to work with them, if not for them. It will be hard to resist, and in some cases I would not blame you for joining them."

However, after an initial honeymoon period, Mr Dahm believed the relationship could sour.

Mr Dahm said while he believed health care companies would not quash private family general practice, they would make a severe dent.

"Remember you are selling to consumers who have short attention spans and have instant gratification appetites."

He warned GPs to have a 'game plan' ready.

"It is easier for doctors to practise medicine than it is to practise business. [But] without a game plan you will be part of someone else's plan. Be prepared to manage your practice, or start looking to join a practice or introduce a partner or personnel who have the skills and expertise in this area. If you don't have the time, don't worry – the health care companies will."

On a positive note, Mr Dahm believes that collectively, GPs still have the upper hand. However, unless the profession as a whole united, GPs risked becoming the servants, and not the masters, of the health care industry.

"Managed care is a good thing if good medicine can be practised and resources are not wasted. I think that is what we all want and expect," he said.

"I believe there are many strategies that professional bodies and individuals can embark on. It is time to introduce leadership and innovation together with accepting the social responsibility to maximise access and availability of health care resources and be accountable for health care expenditure.

"Either take charge of your own destiny, or it will happen by decree." MO

*Mr Dahm will present a talk, 'Australian Managed Care by Stealth', at the RACGP, College House, Adelaide, on 24 April.*

## Meeting the threat

Mr Dahm says there are a number of strategies GP can adopt to counter the threat of managed care.

- Undertake group networking. Develop group networks in your area. Start talking about these issues and be proactive with your colleagues.
- Contact or get actively involved with your professional bodies. They have accumulated a wealth of information and have access to many resources. This can save you a lot of time and money.
- Listen and don't panic. Do not panic on rumours that a local competitor has just been bought out. Act on facts. Bullying and bluffing tactics are sometimes what large companies are known for. Understand the health care reforms, the players and your role. Keep in control and validate your concerns independently.
- And, if you are not sure!
- Seek quality and independent advice from consultants who work in the health care industry. One way to guarantee independence is to be prepared to pay for it yourself – and insist on confidentiality.

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