

*PRESIDENT'S MESSAGE***“We Told You So!”**

A. Antoine Kazzi, MD, FAAEM, FACEP
CAL/AAEM President

Yes, this issue of CaJEM carries an “We told you so!” message from CAL/AAEM and AAEM to all of the “market forces” alike. To the Chief Officers of the healthcare corporations, to the other EM professional organization who chose to stay neutral, and to physician executives and clinicians alike, we said we shall stand in court against unfair business practices. In California, we certainly did. For nearly 3 years now, we have put your dues-dollars to action. We worked in court and in various public forums, to put an end to the corporate scheme of “vertical integration.” In this issue of CaJEM, your AAEM and CAL/AAEM leaderships are proud to announce to you - our members - that “We have won!”

On June 4th, a press release - “*Emergency Physicians’ Medical Group Purchases Meriten Management Assets From Catholic Healthcare West*” - stated: “*With the sale of Meriten assets to the three physician groups, the alleged basis of the ACHP complaint — the claim that CHW’s ownership of Meriten and EPMG violated the corporate practice of medicine bar and laws prohibiting fee-splitting arrangements — will no longer apply. It is anticipated that the lawsuit will be terminated as a result.*”

Side by side with a brave affiliation of physician groups (ACHP, AAEM and the California Medical Association), CAL/AAEM stood firm, loud and clear: the for-profit sale of physician groups to a hospital corporation breaches the ethical principles that prohibit the corporate practice of medicine. Most of all, we believe it entails “kickbacks” that are illegal. We were battling against the sale of the rank and file’s income stream and direct control over their medical practice.

Of course this could possibly not be all-great news. As part of the original deal, CHW paid roughly 36 million dollars to EPMG with a disproportionate amount going to the senior shareholders. Now EPMG will need to pay around 11 million dollars to CHW to buy back the Meriten-held contracts. The critical issue is who will pay that 11 million? Will a portion or all of it come from the pockets of those who benefited from the original 36-million dollar windfall? Or from the pockets of the ones among them who are staying in the group? I suspect the rank and file EPMG physicians and those residents who join EPMG in the years to come will have to give up a portion of their professional revenue to pay this cost of the failed Meriten “vertical integration” deal. Additionally, EPMG has retained in positions of power a number of the same senior leadership that shared significantly in the 36-million dollar deal. There is something concerning to me about that picture. The same folks who will decide how to fund this 11-million dollar buy-back are among the ones who caused the need for it by selling off the group in the first place. They also possess the major conflict of having greatly benefited from the original sale. In a fair world, perhaps the 11-million-dollar burden would NOT ALL be shifted onto the EPs who remained at these sites and to the ones that will work there in the future. This type of outcome is the result of us allowing our specialty to largely become a business. At times this could come before the fair treatment of colleagues, which is called for by the highest ethical bodies in medicine.

Whether this applies fairly or not within the new EPMG remains to be determined based on the equation that will be used to assign shares, to govern democratically, and to provide to EPs who will later leave the group an exit package that is proportionate to what they put in towards paying the 11 million dollars CHW expects.

As a specialty we need to learn to read these contracts carefully and to consider these aspects with close scrutiny to ensure there is predefined fairness and open disclosure regarding: 1) Group governance, 2) “Entry” and “Exit” packages into a group, 3) The distribution of “Rights and Responsibilities”, 4) Mediation and “Due Process” policies, 4) Pathways to “Partnership” and building “Equity.” Groups that deviate from these ethical or optimal principles plague our specialty. Such principles promote a healthier work environment, a longer and more productive career, and better care for our patients and communities.

Who should we blame for abuses and deviations from the Physician Bill of Rights? Both greedy emergency physicians and their apathetic irresponsible counterparts who do not appreciate the value of citizenship in EM, in their group and specialty! Both are responsible. However, leaders are leaders and should indicate the way and be first to enact these principles in their own groups.

Today I questioned the recent publicized deal – hoping for an answer that would address as openly the questions that I am raising here. However, this should not divert us from realizing that 1) the answer may prove me wrong, and 2) unfair practice conditions or abusive contract holders are typically more likely, blatant or common in different forms and settings than the one involved in this deal. They are mentioned in this context simply because this message wanted to emphasize the importance of reasonable and fair entry and exit into a group, using a visible example that was involved in one of the most important and concerning corporate deals in the history of the specialty. These questions that I asked apply to every EP group, and should be answered by group leaders directly and explicitly to their pit doctors and potential recruits. This is not limited to EPMG and the CHW deal. As a matter of fact, I suspect and hear EPMG has always provided (and will continue to) many core attributes that procure more fairness to its physicians than most other groups out there.

To conclude on a positive note however, I wish to emphasize the great triumph for EM that this EPMG-CHW-ACHP news represents. Had we failed, CHW’s ownership of an EP group and of their ED contracts would have resulted in a “domino effect.” Such sale of Physician Groups to hospital chains would have rapidly spread across the USA and to other hospital-based specialties. The pit doctors working today and the future graduates who would come later to work for vertically-integrated groups would have considerably suffered - losing income and autonomy to satisfy the bottom line of greedy executives in contract medical groups and hospital corporations.

CAL/AAEM, AAEM and the CMA were watching and called the duck a “duck”! Congratulations California emergency physicians, AAEM, CMA, ACHP and CAL/AAEM! Thank you for your confidence and your support.