

Managed Care and the Acupuncture Profession

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For the last four years, I have worked as an advisor/consultant for an insurance company that specializes in providing complementary and alternative medicine (CAM) services within a managed care framework. Over those years, I have had the opportunity to speak with many acupuncturists about insurance in general and managed care in particular. I wrote three articles on this subject for *Acupuncture Today* last year, and have decided to write more articles based on the feedback I have received.

The most controversy I have heard raised about acupuncture being included in managed care revolves around the fees paid for acupuncture services. As a full-time practitioner, I have the same concerns about being paid fairly for my work as all acupuncturists have. While my part-time work in the insurance industry is not related to fees paid for services, I have had the opportunity to learn something about how this issue is seen from the insurance industry's perspective.

The managed care industry has been given a mandate to help lower the excessive cost of health care that has shaken our country. Of course, acupuncturists were not to blame for this problem. In fact, we should be an important part of the solution. Unfortunately for acupuncturists, we are coming of age in the health care delivery system at a time when the old guard has robbed the system blind. The cost of delivering health care is being "managed" with more scrutiny than ever before, and insurance companies are under tremendous pressure to keep costs down.

When figuring what to pay providers for their services, most managed care companies will try to find the average rates being charged in the marketplace and then set their payment at the lower end of the average. The pressure to keep costs down makes it unlikely that any successful managed care company will decide to pay their providers at the upper end of the average. Most of these companies will suggest to providers that these reimbursement rates are not such a bad deal because they will have access to a wider patient base and be paid faster on average than with conventional insurance (and with more certainty about exactly what is or is not covered).

Most managed care networks I am aware of pay in the range of \$40-\$70 for acupuncture, with the most common pay in the \$40-\$50 range. While some acupuncturists charge considerably more than this, these figures are somewhere within the lower end of average. For every acupuncturist who charges \$75-\$100 a treatment, there is at least one who charges \$30 or less. While some in our profession criticize those who charge so little as selling their services too cheaply, those doing so feel they must charge less in order to survive. The insurance industry is not going to pay acupuncturists what the more successful in the profession think the average should be - that is not their problem. The insurance industry's problem is providing coverage for medical services at the lowest possible rates while still making a profit. If there are qualified acupuncturists willing to provide their services for less, the insurance industry has an obligation to take advantage of this.

The tradeoff, both for individual practitioners and the profession as a whole, is the promise of a greatly expanded patient base. For acupuncturists who have very busy practices and charge higher rates, participating in these types of networks doesn't make a lot of financial sense. Acupuncturists trying to build their practices should benefit from participating in managed care networks, although one should not expect a sudden influx of new patient referrals. I have been a provider with the nation's largest acupuncture network for four years, yet this accounts for less than 10% of my practice. While the growth of these networks should start to pick up quite a bit in the next few years, most acupuncturists who join these networks will only experience a moderate impact on their practices at first.

In the years to come, the main impact the growth of these managed care networks will have is on the profession as a whole. There are currently about 10,000 acupuncturists practicing in the United States. Estimates are that this number will triple within 15 years, perhaps even doubling within the next five years. To accommodate this growth, our profession must be able to expand its patient base. While statistics are scant, studies have shown that the typical acupuncture patient tends towards being a white, female Baby Boomer with a college education and an upper middle-class or above income. This is the demographic our profession has been servicing and who can afford to pay the higher rates some acupuncturists charge. While some acupuncturists have done quite well servicing this demographic, it seems unlikely our profession will be able to accommodate our rapidly growing numbers by relying mainly on this patient base.

Our profession needs to expand its patient base to include more typically lower-income individuals. We should work toward this, not only because it will help more acupuncturists earn a living, but also because it is morally right. Acupuncture and other forms of natural therapy should not be available only to those who are financially well off. Lower-income people rely on the pooled resources of third-party reimbursement to pay for their medical care. Whether managed care (or someday Medicare), it is inevitable that these reimbursement rates will not be as high as those we currently charge our cash-paying Baby Boomers. While this may seem like a step backward to acupuncturists with very successful practices, it constitutes an important step forward for the profession as a whole.

Change, although inevitable, is never easy. As our profession grows and begins to rely more on third-party reimbursement, there will be some bumps and bruises along the way. Our Chinese colleagues have had to adapt from a system of no insurance, to one that was fully socialized, to a system that is now something in-between. For better or worse, the American medical system is designed to rely on third-party reimbursement to pay the lion's share of the cost of medical services. While U.S. acupuncturists have found a way to survive (and for some, even prosper) by relying on cash payments for the lion's share of their income, the profession as a whole cannot continue to grow at its present rate without expanding its patient base to include more lower-income patients.

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