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3 **Title: Doctors as Employees**  
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5 **Introduced by: Harvey W. Halberstadt, MD, for the Oakland County**  
6 **Delegation**  
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8 **Original Author: Harvey W. Halberstadt, MD**  
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10 **Referred to: Reference Committee E**  
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12 **House Action: Disapproved**  
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15 **Whereas, 39 percent of doctors nationwide in 2000 were independent**  
16 **down from 57 percent, according to estimates from Accenture and two**  
17 **consulting firms, and**

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19 **Whereas, hospitals, private equity firms, and health insurers are**  
20 **acquiring physician practices at a rapid rate, and**

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22 **Whereas, large conglomerates of employed physicians will be the model**  
23 **of health care, and**

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25 **Whereas, Jeffrey Perry, Assistant Director, Federal Trade Commission,**  
26 **said, “Historically what we’ve seen with the consideration in the health care**  
27 **industry is that prices go up, but the quality does not improve,” and**

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29 **Whereas, Medicare is paying in excess of a billion dollars a year for the**  
30 **same services because hospitals justify higher charges than independent**  
31 **doctor fees because hospitals assert that they have higher costs, and**

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33 **Whereas, hospital-employed doctors charge more for their fees than what**  
34 **independent doctors charge, and**

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36 **Whereas, when large hospitals dominate the local health care system**  
37 **they have leverage in their employment controls with physicians, and**

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39 **Whereas, because hospitals focus on productivity and performance but**  
40 **not on quality of care some requirements for care may be questionable, and**

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42 **Whereas, such practices are being investigated by the Federal Trade**  
43 **Commission and by the attorney general, and**

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45 **Whereas, the action taken by the Federal Trade Commission is supported**  
46 **by Jeremy Lazarus, Past President, American Medical Association, and**

47           Whereas, the Federal Trade Commission is investigating possible  
48 wrongful practices of St. Luke and St. Alphonsus hospitals in Boise, Idaho who  
49 employ over half of the doctors in that area, and  
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51           Whereas, the investigation responds to doctors' complaints that the two  
52 hospitals have control over what tests and what procedures to perform, how  
53 much to charge, which patients should be admitted, and which patients should  
54 be discharged, and  
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56           Whereas, hospitals being paid by diagnosis can require employed  
57 doctors to discharge patients before they are ready to be discharged, and  
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59           Whereas, there is a growing number of lawsuits by doctors against  
60 hospitals for these questionable rules, and  
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62           Whereas, in these lawsuits plaintiffs allege that employers may require  
63 that the employed doctors perform unnecessary procedures, order lab tests not  
64 clinically indicated, admit patients who should not be admitted, and/or  
65 discharge patients who should not be discharged, and  
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67           Whereas, a Florida doctor, as a plaintiff, alleges that he could earn a  
68 \$5,000 bonus for keeping patients in the hospital for less than three days; and  
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70           Whereas, doctors who sign a non-competitive agreement can lose their  
71 jobs for non-compliance or for complaining publicly; therefore be it  
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73           **RESOLVED:** That MSMS survey both employed and independent doctors  
74 regarding whether hospitals require employed physicians to perform  
75 unnecessary procedures, order lab tests not clinically indicated, admit patients  
76 who should not be admitted, discharge patients early, and/or restrict the referral  
77 of patients to independent physicians.  
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80           **WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE**