Why I Didn't Get a Paycheck Last Month

David Evans, MD

A string of unfortunate circumstances can quickly devastate a healthy practice.

Millions of people in our country went without a paycheck last month. My partners and I were among them. However, unlike the majority, who received no paycheck due to unemployment, we are busy family physicians in a rural private practice.

Ours is not a story of insurance denials or inadequate Medicare reimbursement. Rather, it is a tale of unfortunate circumstances both within and outside our practice's control. These factors combined to create a negative cash flow situation that has harmed our finances and could harm the health care for our community.

Our practice cares for everyone in our small community – the oldest and youngest, the nicest and meanest, and the richest and poorest. As rural doctors, we view it as an obligation to care for the community we live in. We take nearly all insurances and have not closed to Medicare or Medicaid patients. We regard our staff as an extension of our families and share in their highs and lows.

But in all of our efforts to care for our community and staff, we forgot that, like it or not, our practice is a business. We have fixed expenses each month that need to be offset by income. When we pay out more than we bring in, the partners don't get paid.

Like many practices, ours is slower in the summer. There are fewer acute illnesses to fill in the walk-in slots. The kids are not in school, and we all like to take a family vacation. This results in lower production during the summer and decreased collections in the fall. This is a predictable occurrence each year.

But this year, on the heels of our slow season, one of our six providers needed to take an extended leave. The anticipated 60 days turned into four months. While we looked for an affordable and qualified locum, 17 percent of our visits disappeared, mostly because we didn't have the capacity to absorb our colleague's patients. Rather than lay off his medical assistant, we chose to keep her on the payroll doing odd jobs – tasks that needed to be done but had no productivity associated with them. Compounding the problem was poor performance from our billing service, which was furloughing employees to save money. This brought about a decreased collection rate.

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The result of all these business decisions was no paycheck for a month and, likely, small ones for months to come. If allowed to continue, this will lead to disgruntled providers and a failed business. Our doctors, no matter how dedicated, won't want to work that hard for free.

The closest town to ours with medical facilities is 30 miles away. The impact of a failed business would be devastating to our staff and community. Thousands of patients would need to find care out of town in an environment not friendly to Medicare and Medicaid. Our staff would join the ranks of the many unemployed.

Most doctors want to go to work and care for patients. We think of medicine as a calling, and our eyes glaze over at the sight of a spreadsheet. But much of our current predicament was preventable even in the challenging medical economy. Better attention to the business of running a clinic would have made for a more lucrative year, safeguarded the practice, and ensured the health of our local community. FPM

About the Author

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