

# What's Driving Physician Referral Patterns Today?

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From 1999-2009, the [rate](#) at which physicians referred patients to another physician, most often a specialist, nearly doubled. Physicians referred patients 4.8 percent of the time in 1999, but one decade later that number rose to 9.3 percent. The trend was steady across all provider subgroups, barring the slower growth among physicians who had ownership stakes in their practice or those with a majority of income from managed care contracts.

Physician referrals have historically been one of the healthcare industry's sore spots. A report published in the [Milbank Quarterly](#) collected various criticisms of the referral process, dating back to 1964 when experts described it as "often incomplete and needlessly inefficient." In 1983, it was said that physician referrals often fall short of goals, and in 2008 it was cited as an important factor in a patient's "perilous journey through the healthcare system."

Physician referrals haven't grown because of one single reason, but for a cobweb of linked factors that drive or somehow influence physicians' decisions. The following points were identified by practicing physicians as contributing factors to today's increased referral rate.

## Too few physicians, too little time

Many components of the Patient Protection and Affordable Care Act are geared to repair those cited complaints. Models like accountable care organizations and patient-centered medical homes aim to provide more structure to referrals and track them closely to prevent unnecessary, high-cost care. Managed care authorizations were also implemented, in part, to combat inefficiencies and prevent needless referrals. Still, there are unintended consequences. Michael A. Zadeh, MD, a board-certified general surgeon practicing in Encino, Calif., says managed care authorizations can actually spur referrals by overwhelming PCPs.

"We have seen an increase in managed care with HMOs and [independent practice associations], which require patients to have prior authorizations and referrals from their PCP before they see specialists, says Dr. Zadeh. "As a surgeon, my practice has always been mainly referral-based. But because of the strain on the PCPs, I have started to see more referrals earlier in the work process as time constraints on the referring physician continue to increase."

There's already a shortage of primary care physicians in the United States, meaning many are lacking the time and resources to carry entire case loads for patients with complex or chronic conditions. "On one hand, PCPs are facing increased patient loads [with] many [patients who have] multiple chronic diseases that have become difficult to thoroughly manage in an average seven-minute office visit. Rather than decrease the quality of care in order to generate enough income to balance office expenses, these patients are referred to specialists who can devote more time to managing each specific problem," says Dr. Zadeh.

The availability of primary care physicians won't be improving within the next eight years, either. Healthcare reform is [expected](#) to exacerbate the current shortage from 25,000 physicians to 45,000 by 2020. This factor may hint that, in the years to come, the rate of physician referrals will continue to grow as physician availability declines and 32 million more people gain insurance coverage under healthcare reform by 2019.

## The fear of medical malpractice

Daniel E. Fass, MD, a radiation oncologist who heads the Institute for Image-Guided RadioTherapy in Rye, N.Y., said the increase in referral rates is not surprising under certain circumstances that have come into play in the past decade. He also noted that patients can be assertive in their care and may propel referrals more than physicians.

"Patients demand referrals. It is a self-limiting process. In the past, a patient with back pain might be told to take a Motrin and see how that goes for a few days," says Dr. Fass. "Now, the patient wants to be referred to a neurologist. This can be a waste of everyone's time. So, the increase in referrals is coming largely from patient demands, not physicians' preferences. In addition, other drivers include a desire to limit liability."

Studies and surveys have revealed physicians' trenchant worry over malpractice. This concern is one of the strongest drivers behind many of defensive medicine decisions, such as ordering tests and making excessive referrals. One [study](#) found that physicians' fears of being sued for malpractice were disproportionate to the actual risk of being sued. Another [found](#) that 53 percent of emergency physicians ordered additional tests out of fear of being sued. As long as malpractice remains a concern for physicians, it will likely influence their referral patterns and rates as well.

Nabin Sapkota, MD, an internist based in Norfolk, Neb., suggests the trend of increased referrals is tricky to control, since reining them in could jeopardize patient care. "Internists and family practitioners today simply do not want to be liable for restricting their patients' access to specialist care. For example, most internists are perfectly capable of managing patients with mild kidney dysfunction. But they still want to be covered by referring those patients to the nephrologists. This way the patient is happy to get care from a specialist and the primary care [physician] is happy to limit his/her malpractice liability," says Dr. Sapkota.

## Keeping the patient happy

Dr. Sapkota says classifying these referral patterns as necessary or unnecessary is not black-and-white, and he doesn't agree with the mindset that referrals should somehow be restrained. "Let's look at the flip side. If there were incentives for the primary care physician not to refer patients to the specialists, things could have been terrible. It could force a doctor to treat patients with conditions that the

doctor is not very comfortable dealing with. That could cut some cost in the short term but long-term consequences could be devastating. Would you trust your doctor who benefits by restricting your access to specialists?"

Dr. Sapkota also says patients are more informed today than they were 10 years ago. Health websites, physician reviews online and a surplus of other free information have increased patients' role in their healthcare delivery. "Now anyone can research about their symptoms on the Internet. Some patients even walk to the primary physician's office determined what specialist they want to be referred to. In such cases, the physician can spend time and energy explaining why the referral is unnecessary or just make the patient happy," says Dr. Sapkota.

And patient happiness means much more today than it did 10 years ago, too. Under the value-based purchasing program, which will take effect in October 2013, a portion of hospital's Medicare reimbursement will be tied to patient satisfaction scores as reported on the Hospital Consumer Assessment of Healthcare Providers and Systems survey. This financial imperative, along with the goal to have positive ratings and reviews on social media sites and word of mouth, may propel physicians to refer to bolster satisfaction.

"In today's healthcare environment, patient satisfaction is very important," says Dr. Sapkota. "Most physicians just write the referral. This is the type of referral that we need to cut down on. But doing that by tying the doctor's hand is the wrong approach. We need to reach out and educate people to trust the judgment of their physician over the lists of symptoms they read on the Internet. Ironically, the Internet is the best place to spread that message."

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