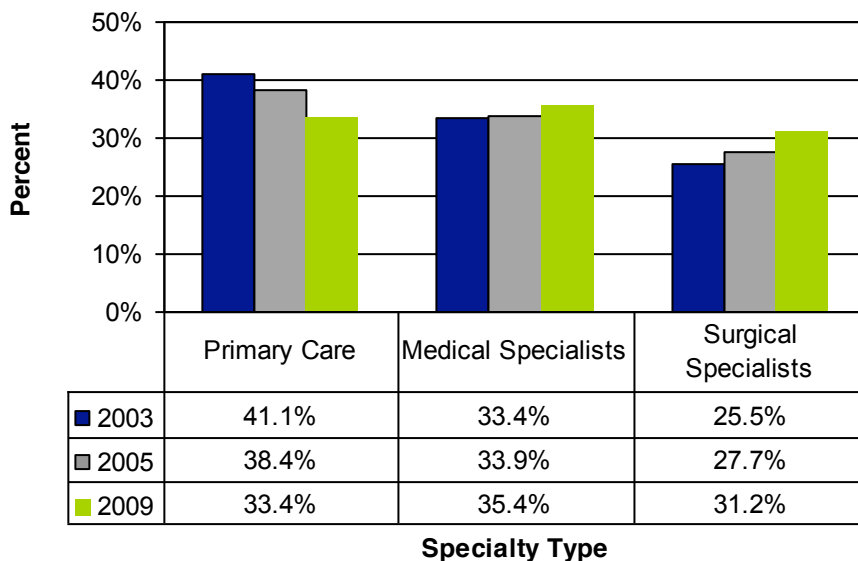


Medicare/Medicaid Acceptance Trends Among Physicians

Through its Trend Tracker series, AmeriMed Consulting presents original data and analysis to assess the state of America's healthcare industry today. This analysis investigates the likelihood of physicians accepting new Medicare and Medicaid patients based on specific characteristics of those physicians.

AmeriMed Consulting surveys communities, providers and healthcare executives on a regular basis by mailing surveys to randomly selected physicians throughout the United States. We mailed surveys to 6,600 physicians in 2009, with only private practice physicians in non-hospital-based specialties included in the survey pool. A total of 967 completed surveys were received for a response rate from the physicians of 14.7 percent. Similar panels were polled in 2003 and 2005. AmeriMed did not conduct the study in 2007.

Survey Respondents by Specialty Type



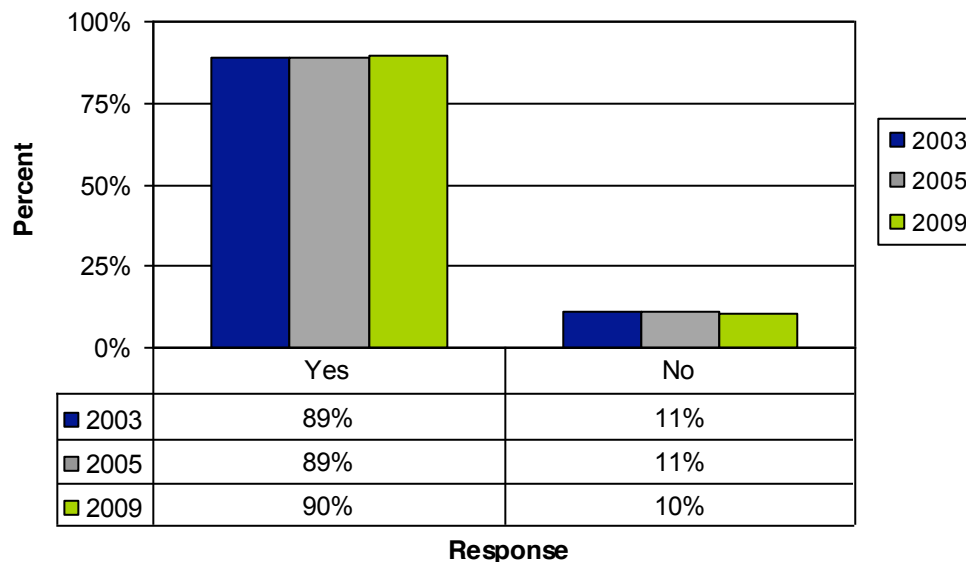
AmeriMed Consulting is a nationally recognized strategic healthcare consulting firm specializing in medical staff development, community needs assessment, physician market inventories, surveying and focus interview/group reports for strategic planning in healthcare. AmeriMed also compiles data to track national healthcare trends and regularly sends featured speakers to healthcare conferences around the country.

For more information about this survey or for additional copies, please visit our Website at www.amerimedconsulting.com or call **888-456-1789**. Media and consulting inquiries can be answered via telephone at 888-456-1789 or by fax at 817-820-2330. E-mail inquiries on the survey should be directed to Allison McGough at amcgough@amerimedconsulting.com.

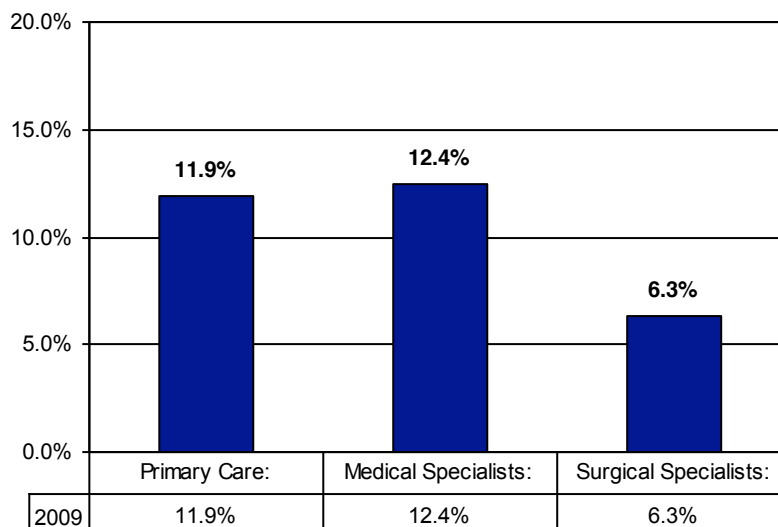
Although the number of physicians accepting new patients to their practice has steadily increased from 2003 to 2009, a looming issue that could affect this growth is the Sustainable Growth Rate (SGR). SGR is a component of the formula used by the Centers for Medicare and Medicaid Services (CMS) to calculate physician payments for providing services to Medicare patients. Based on the GDP and not actual healthcare practice costs, the SGR has produced significant cuts in physician compensation for services to Medicare patients.

Even though the SGR was designed as a budgetary restraint on Medicare's total expenditures to maintain budget neutrality, it will, without Congressional intervention, dramatically cut physician reimbursement rates, even as practice costs continue to rise. Basically, this approach to controlling physician payments has failed to control the growth in expenditures. Even with recent healthcare reform legislation, physicians are facing an imminent reduction in fees paid for treating Medicare patients. Tired of dealing with the possibility each year of a payment cut under Federal law, the number of physicians declining the acceptance of new Medicare patients is poised to increase dramatically in the next few years.

If accepting new patients, are you accepting new Medicare patients?

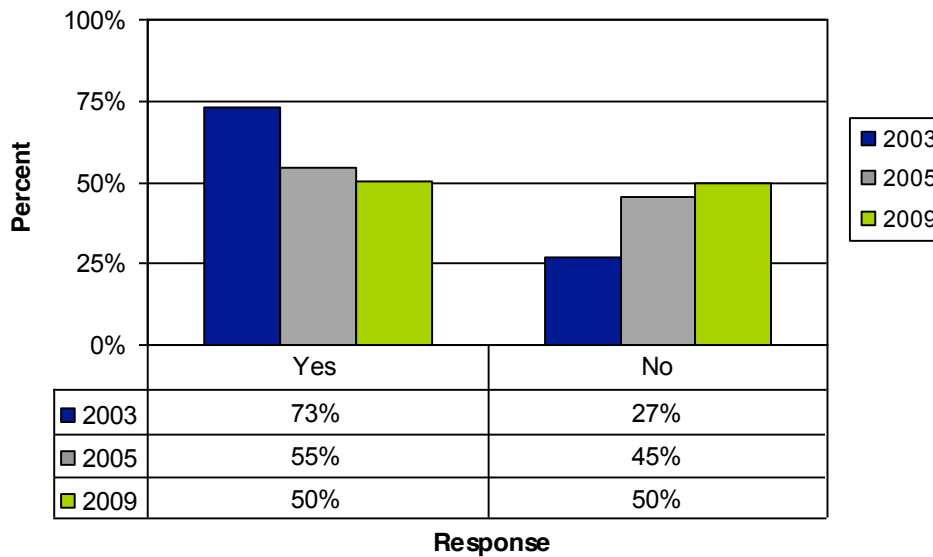


Percentage, by specialty type, of physicians not accepting new Medicare patients.

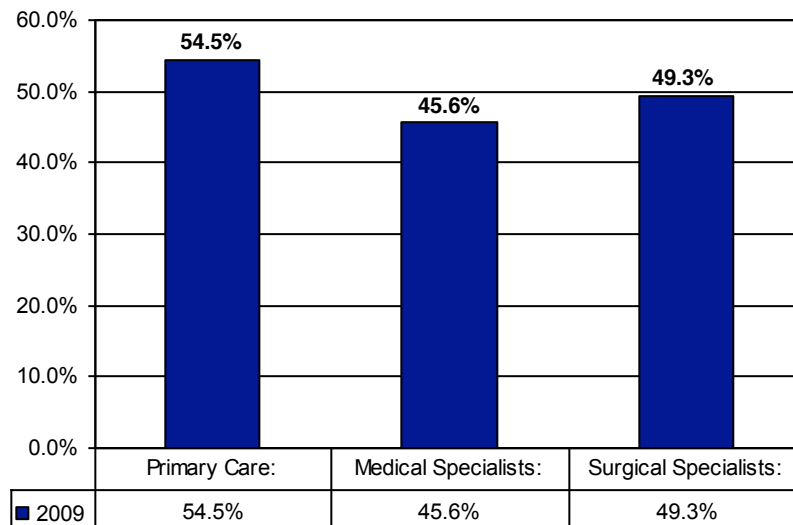


In addition, physicians continue to drop out of the Medicaid program, leaving a dwindling number of physicians to see an increasing number of Medicaid patients. Expansion of health insurance coverage does not automatically translate into immediate access to care. The Congressional Budget Office (CBO) reports that roughly half of the newly insured under healthcare reform scheduled to go into effect in 2014 will be covered by Medicaid. Doctors anticipate more and more patients to be shifted onto Medicaid, even as physician reimbursements are lowered. All of these issues combined could result in a dramatic problem for the Medicaid population in the near future.

If accepting new patients, are you accepting new Medicaid patients?



Percentage, by specialty type, of physicians not accepting new Medicaid patients.



As these numbers show, the number of physicians who accept new Medicaid patients has decreased dramatically from 2003 to 2009. Of those physicians not accepting new Medicaid patients, the highest percentage consists of primary care physicians. If this trend continues, Medicaid patients will have an increasingly difficult road in accessing physicians practicing anything beyond emergency care.

Healthcare in 2012: Fact or Fiction

In the movie *2012*, a large group of people must deal as the world is faced with natural disasters of apocalyptic proportions, all coinciding with the ending of the Mayan calendar. While the movie is filled with an array special effects and fictitious scenes, the year 2012 may have its own real crisis in serious healthcare services calamities that are not being addressed and are actually being exacerbated by the Patient Protection and Affordable Care Act (PPACA).

People across the United States will almost surely be impacted by this crisis, brought upon by two opposing forces: a massive expansion of healthcare consumer demand for services and rapidly declining availability of healthcare service providers, especially physicians, and their required resources. The demand for services is a combination of increasing patient population, more services per patient and more complex service regimens.

The population bubble that occurred in the 18 year period between 1946 and 1964, including approximately 78 million people, has been called the "baby boomer" population. The eldest of the group will begin submitting their normal Medicare claims in 2012, but many are already using Medicaid and elements of Medicare/Medicaid for special conditions. A recent survey showed that while 90 percent of physicians are taking new Medicare patients, only half are taking new Medicaid patients.

Although the same survey notes that this 50 percent statistic has increased from 27 percent in 2003 and 45 percent in 2005, more services per patient visit and more complex relationships for services accessed will probably result from the baby boomer population. Depending upon patients' age and condition, diagnosis, history, service conflicts and reimbursement rules, patient encounters will most likely double, services will triple and complexities in service relationships and conflicts could significantly increase error rates.

For the U.S. population in general, these same issues may apply with many additional ones. For example, as the current physician shortage becomes wider, those using Medicaid will most likely experience increased wait times to see physicians and a lack of availability of those who provide specialty medical services. Even through the Sustainable Growth Rate (SGR) used by the Centers for Medicare and Medicaid Services (CMS) was designed as a budgetary restraint on Medicare's total expenditures to maintain budget neutrality, the direction in which it's headed could dramatically cut physician reimbursement rates, even as practice costs continue to rise. Many physicians would rather not take Medicare and Medicaid than deal with the problems they present.

If these trends continue, 2012 will result in a significant increase in patient visits and ratio of services per visit with a significant decrease in ratio of professional staff available per patient visit. With these factors, it will take longer to get in to see a physician, one that will probably have less time for each patient. However, facing this crisis before 2012 can provide solutions to meet its issues and avoid a noticeable decline in healthcare services in that time frame. With the right programs, technology and people, debilitating healthcare crises in 2012 will be just like the movie - fictitious.