

COLD IRON TRUTH

## Cold iron truth: The high value quotient of dermatology

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By [Brett Coldiron, MD](#)

I have been a traveling road show for the last 2 years, explaining the value of dermatology to insurers. It is amazing how poorly understood we are by payers.

Let me give you an example. Currently, dermatologists treat about 70% of all skin cancers. This is up from the 10% we treated 30 years ago, but if you think about it, it should be 98% or 99%. There were 5.4 million skin cancers in the United States in 2012. The great majority were nonmelanoma skin cancers (at an interesting ratio of 1:1 for basal cell carcinoma and squamous cell carcinoma), and only about 75,000 were melanomas. About 80% of all melanomas are less than 1 mm in thickness and undoubtedly appropriate for local excision in the office. Dermatologists treat these skin cancers at less than  $\frac{1}{5}$  the cost of treatment in a facility. We, and a few primary care physicians, are the only physicians who are not operating room dependent. We can remove these cancers under local anesthesia in the office, without an anesthesiologist, multiple nurses, intravenous lines, preop labs, and the other high fixed costs associated with a hospital procedure, and we can do it promptly. Insurers should be pounding their drums to demand that the vast majority of skin cancers be treated in the office setting, rather than in a hospital. Maybe all skin cancer patients should be required to get “precertified” by a dermatologist before they are sent to a hospital for a procedure. This would improve quality and greatly cut costs.



Dr. Brett Coldiron

Insurers always drop their jaws when I explain this to them. They have never matched up the costs of the physicians and the costs of the facilities where procedures are performed. They need to consider the value of the dermatologist in providing an accurate, quick diagnosis, with immediate exclusion of benign lesions and elimination of the long wait times to get a cancer removed. It costs less to get a skin cancer diagnosed and removed by a dermatologist than to get a new set of car tires installed, and we can often do it in about the same amount of time. Compare that with \$150,000 spent annually to treat metastatic melanoma.

In addition, fewer dermatologists mean longer wait times to see the dermatologist, causing what I call the “spillover” effect. When patients cannot get in to see the dermatologist, they call their primary care physician, who sends them down to the hospital to see their general surgeon on lumps and bumps day. Everything gets removed, benign or not, in the hospital outpatient department.

That is why it is insane for insurers to be eliminating dermatologists wholesale from their “tight” networks. Their software tells them they will save money in the short term, but they won’t because of the spillover, and it is very foolish in the long term. With the advent of the Affordable Care Act, patients cannot be excluded for preexisting conditions, and these patients all become long-term

quotient, but only if insurers have enough sense to let the patients see us.

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## References

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