

## ThinkAdvisor

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# Doctors Need More Financial Literacy, Too

Doctors are highly educated, but when it comes to finances, they're flunking out



*One unintended consequence of the Affordable Care Act is that doctors have less time now to educate themselves on personal finance.*

Constraints put in place under the Affordable Care Act are hitting doctors where it hurts—not only in their pockets, but also by creating red tape that stops them from finding time to become financially savvy, said Jim Holtzman, wealth advisor at Legend Financial Advisors in Pittsburgh.

“Where [doctors] were able to get away with some of their financial illiteracy in the past, if you will, it's harder today because on a personal financial end, things are tighter,” said Holtzman.

While the ACA is still “generally new,” and the health care law's impacts will be felt over multiple years, Holtzman said Legend Financial is already seeing the law's impact on its clients who are doctors, who constitute 40% of the firm's clientele.

“The quality metrics that are getting put into place” under the ACA are taking up more of doctors' time than ever, he reported, meaning that physicians will eventually not enjoy the “revenue they once did; we're already seeing that.”

Besides having to issue electronic medical records, health insurance plans are increasingly taking the high-deductible route, so doctors are seeing an increase in “collectibles, receivables and writing off of bad debts,” Holtzman said. “Time spent

collecting payments from deductibles has really, really jumped up.”

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impact on their professional and personal lives.”

Such time constraints put in place under ACA, he continued, will only create bigger problems for those doctors who are “already financially illiterate.”

While Legend has doctor clients who are financially astute, Holtzman categorizes about 25% of them as financially illiterate.

A recent blog post by one doctor perhaps characterizes best why many doctors get failing grades in finance. “Why are some of the smartest, hardest-working and most responsible members of our society unable to create real wealth?” the doctor asked. “The answer is two words: financial illiteracy. Doctors spend so much time in school memorizing facts, but receive little education in basic financial skills that can provide a real and lasting positive

Holtzman noted that doctors already have less time to focus on their finances because of the Affordable Care Act, aka Obamacare.

The “front and center” reality for doctors employed by a bigger hospital system is that their compensation “is going to be going down because of the ACA,” Holtzman said.

Individual physicians’ issues with high-deductible plans, collectibles and receivables are being felt by hospitals, too, Holtzman said, meaning “there’s less money coming in than there used to be.”

Compensation for doctors through contracts with hospitals are much lower, as one general practitioner client of Legend’s recently found out when his contracted salary went from \$330,000 to \$280,000.



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