



the *Corridor Connection*

A Newsletter for members of the Physician Organization of Central Long Island

Empire Strikes Again **E&M Downcoding Program Cuts Reimbursements** **PO Launches Petition Protest** **Surgeons Lose Incidental Procedure Fees**

Empire Blue Cross, now known by its for-profit name Wellchoice, has issued a new “medical policy” dated October, 2002 that applies an automated downcoding program to all physician claims in a targeted list of unspecified diagnoses beginning November 1, 2002. Until now only the 15% of physicians considered outliers by Blue Cross were subject to this automatic downcoding. According to Empire, their “success” with the outlier physician group (i.e., reducing payments) will now be applied to everyone. Physicians can submit documentation and appeal the downcode but the administrative cost and burdens of paper trails may limit this process.

While its physician participating agreements allow Empire to unilaterally amend its medical policies, this change is an abuse of power by Empire that violates the spirit if not the letter of the provider agreements. Because Empire chose not to provide the list of diagnoses subject to this automatic downcoding policy, physicians must now submit a written request for such information.

Physicians cannot afford to passively accept Empire’s

outrageous conduct. At a minimum, they should protest this arbitrary payment avoidance policy and let the appropriate government authorities know what is now being wrought by their approval of Blue Cross’s for-profit conversion.

See the insert of a protest letter that physicians should complete and fax to POCLI (516-487-2530) for forwarding to Michael Stocker, M.D., President and CEO of Empire Blue Cross; Gregory Serio, Commissioner of the New York State Department of Insurance; and Eliot Spitzer, Attorney General of the State of New York.

Physicians must measure the financial impact of this new policy on their practices and determine whether they should reconsider their participation with Empire.

In a related matter, Empire also announced that effective with claims processed after October 24, 2002 it will no longer recognize incidental (lesser) procedures when calculating the reimbursement for the allowed principal procedure. Once again careful review of EOBs is required to determine if blatant disregard for the CPT coding and documentation rules are in play. ▲

What Has POCLI Done For Me Lately?

A Message from the President • Bruce Kappel, M.D.

From time to time physicians will stop and ask, “So Bruce, what exactly has POCLI done for me lately?” As President of POCLI it is incumbent upon me to answer that question straight up and not pull any punches. Just reading this issue of the *Corridor Connection* gives you an indication of how POCLI contributes to helping practicing physicians to cope with and even improve their positions in the problem filled managed care environment.

For example, *HealthFirst*, an HMO interested in expanding its pediatric provider network for its Child Health Plus and Medicaid managed care programs, came to POCLI and asked what it would take to get pediatricians to

participate. We advised them of the important financial and non-financial terms that are minimally required to warrant favorable attention. At the conclusion of discussions between POCLI representatives and *HealthFirst*, I can proudly report that the fee schedules and terms offered are a substantial improvement over current managed care conditions and will certainly help participating pediatricians improve their financial performance.

Responding to Insurer Inflicted Abuse

Read on in this issue and you will learn about the latest payment avoidance administrative policy from Empire

(continued on next page)

What Has POCLI Done For Me Lately?

(continued from front page)

Blue Cross (their policy is your fee cut and administrative burden). POCLI will see to it that physicians let Empire Blue Cross (and New York State's Insurance Commissioner and Attorney General) know about the unacceptability of this outrageous maneuver via an organized protest petition campaign. ***With POCLI the days of silent passive physician acceptance of such abusive conduct are over.***

You must ask yourself the following questions: Did you even know about this new automated down-coding policy from Empire? Have you thought about what the financial impact of this new policy is on your practice? Did your staff alert you to this new policy, and did you implement new procedures to identify EOBs with improper payments? Would you ever think of sending your own fax protest (as a solo act), and isn't the impact greater if there are hundreds if not thousands of protest letters?

Medical Malpractice Tort Reform

Read some more in this issue and you will learn about the most recent developments in the campaign for medical malpractice tort reform launched by the NY Medical Staff leadership Council. Just imagine. Over 9,700 signed petition cards completed by patients from just about every zip code on Long Island have been received in the first eight weeks alone. These petitions are being prepared for submission to Long Island state legislators. Is it any surprise that the formation of the Council has its roots in POCLI and I might add the North Shore Physician Organization (NSPO) and North Shore Medical Staff Officers. The idea of enlisting patients as allies in the struggle for meaningful tort reform is unique and only happening on Long Island. This campaign is being noticed by physicians in other parts of New York State and will hopefully lead them to follow our example. I urge each and every one of you to support the Council's efforts by actively and directly asking your patients to complete petition cards and by making an individual \$150 contribution to the Council so it can continue its important efforts.

HIPAA Regulations Implemented

POCLI in partnership with NSPO has recently completed a series of four seminars to assist members in implementing HIPAA regulations for protected health information (PHI) rules that become effective on April 14, 2003. Many law firms and others offered seminars, some for free that merely gave a rehash of the regulations while some firms charged as much as \$1,000 or more for an implementation manual. POCLI selected the firm of McDermott, Will & Emery which prepared a hands on policy and procedure manual with related forms that can be easily adapted to your office by using the computer disks that came with the manual. Dozens of practices have taken the time to personally note the high level of quality

of the seminar and that the fee of \$175 per practice was the bargain of the year.

North Shore/LIJ Health System Employees Health Plan

Need more evidence that POCLI is working for you? Perhaps you might want to consider that when the Health System moved their employees' health plan from a self-insured model administered by Care Management to an Empire Blue Cross PPO, your fees were going to be slashed from 120% Medicare down to something on the order of 80% of Medicare for evaluation and management services. Without the direct intervention of POCLI what else would you have done? Would you have scheduled a personal meeting with Michael Dowling, CEO of the North Shore/LIJ Health System, and negotiated better terms? Of course not. It was after a series of productive and meaningful meetings initiated by POCLI in concert with NSPO and physician leaders at LIJ that the senior level administrative team at the North Shore/LIJ Health System recognized the need to implement physician payment rates different from the Empire Blue Cross PPO. A compromise at 110% of Medicare was agreed to. ***When you see NS/LIJ Health System employees (or their family members) think about that extra revenue that overall could reach several hundreds and even thousands of dollars per year.***

Oxford Medicare Managed Care

Remember this program? It has been a while since Oxford folded its tents and left Nassau County. We take some credit for their decision to leave primarily because the physician network was reduced 25% overall and in certain specialties by over 50% as a result of timely information provided by POCLI. You cannot have a health plan without a viable physician network. ***Physicians whose patients left Oxford Medicare and returned to traditional Medicare have seen increases in their fees of almost 30% that easily translated into hundreds and even thousands of dollars in increased annual revenue!*** Almost as important is the fact that now most physicians understand the impact of joining any Medicare managed care plan that pays less than Medicare. Let me reiterate, without a viable physician network no managed care plan can succeed.

And there are many other examples of how POCLI provides its physician members with timely alerts and one-on-one business advice that cannot be found anywhere else.

So the next time you see me, how about mentioning that the supplemental payment added to your medical staff dues to cover POCLI services is the best deal in town. The Seaford Oyster Bay Corridor has never been the same. You are smarter about business decisions you need to make. And you are now avoiding falling into the new traps set out for you by the managed care companies. That is the POCLI mission. ▲

POCLI Introduces and Endorses New HealthFirst Contract for Pediatricians

Through the efforts of POCLI, pediatricians can now participate and be adequately reimbursed in HealthFirst HMO's Child Health Plus and Medicaid managed care programs. The terms of this contract are considered to be outstanding. Both financial and non-financial issues that are the bane of most managed care contracts (see articles in this issue on Empire Blue Cross and United Healthcare) have been addressed.

This contract with HealthFirst is being offered through the North Shore IPA and is available to all POCLI pediatricians. The fee for service contract offers a single flat fee regardless of E&M service level, avoiding the entire issue of downcoding. Furthermore, preventive visit fee levels have been set to provide incentives to physicians to make certain that scheduled visits take place. In an effort to protect practices from being overwhelmed with new patients, physicians can limit the number to 100.

Other managed care plans that offer Child Health Plus and Family Health Plus have established rates at or below their current managed care rates. Therefore, if HealthFirst can create a well-regarded network of physicians it will attract the enrollment of eligible persons, and physicians will enjoy better rates. In many ways this contract is groundbreaking and sets a new marketplace standard for physicians. ▲

United Healthcare Announces Changes in Chemo Drug Payments

United Healthcare (UHC) has announced that effective March 1, 2003 new chemotherapy payment rules will be implemented. Oncologists will no longer bill UHC for the chemo agents they administer to patients. Rather participating physicians will order directly from Curascripts, Inc. with payment for these drugs to be made by United directly to Curascripts. United indicated that oncologists will have their administration fee increased but whether it will offset the lost revenue for the drugs is not certain.

A second UHC provided option is for oncologists to continue to purchase drugs and accept AWPminus 15% as reimbursement from United.

United has now taken the lead in what will certainly be an industry trend. Medicare has been looking at ways to reduce its outlays and has proposed and then withdrawn several new similar payment options.

Plans are looking for any way they can lower their overall expenditures since they are all experiencing accelerating increases for hospital and pharmacy benefits. ▲

Oxford Health Plans Admits to Billing Edit Error

POCLI executives noticed that physician members were sending EOBs to the office asking for help in explaining why certain office visits were not being paid.

Typical claim denials included:

- Preventive visit (CPT 99397) billed with an EKG (CPT 93000) - payment for CPT 93000 only.
- Office consultation (CPT 99243) billed with evaluation wheezing (CPT 94060) - payment for CPT 94060 only.
- Office visit (CPT 99213) billed with breathing capacity test (CPT 94010) - payment for CPT 94010 only.
- Office visit (CPT 99213) billed with aerosol inhalations (CPT 94664) - payment for CPT 94664 only.

POCLI connected the dots and realized that these were not isolated "billing errors." After being pressed to explain these denials, Oxford admitted that a new billing edit implemented in early October has had unintended consequences. Oxford officials indicated that they have suspended the use of the edit until they can clarify its proper intention.

Oxford intends to automatically adjust all claims without any appeal required by the physician. POCLI advises that you nevertheless carefully review claims paid from October 17, 2002 through December 6, 2002. Keep a log of those that were incorrectly paid so that you can perform a proper reconciliation. ▲

Tort Reform Public Awareness Campaign Off and Running

Signed Petition Post Cards Coming In at Rate of 200 per Day

Physicians Lag Behind in Contributions

The NY Medical Staff Leadership Council offices distributed approximately 4,500 display boards to physicians across Long Island containing literature and 450,000 petition post cards. The colorful, dramatic looking display boards should now be prominently displayed in every physician's office. Thus far a dedicated number of physicians have already made certain that their patients learn about the access problem that will result if malpractice premiums and jury awards continue to rise unabated. These physicians have been conscientious in securing signed petition cards from their patients in support of tort reform. The Council reports that in the first eight weeks of this campaign they have received over **9,700** signed petition cards that have now been sorted by zip code in preparation for faxing to the appropriate elected State Senators and Assemblymen. The Council's objective is to collect 25,000 petition cards to flood the fax machines of each legislator's office this coming spring.

Physicians are ahead of the curve for a change. If a recent \$80 million jury verdict against two Long Island

obstetricians was not enough to cause sleepless nights for physicians, the Council predicts the crisis will be upon all physicians next summer when notice of a 30-40% premium increase arrives in the mail. The Council will be ready to pull the fax trigger to coincide with the introduction of tort reform legislation in the coming session of the New York State Assembly and Senate. Credit goes to the Medical Staff leaders for their foresight and initiative. The Council also recognizes the support of Michael Dowling, CEO of the North Shore/LIJ Health System, for his corporate contribution of \$25,000 to this effort. Mercy Medical Center, South Nassau Communities Hospital and New Island Hospital have also each made independent contributions to this effort.

The continued success of this program requires on-going funding. Only the physicians can make this happen. **If you are not getting petition cards signed and you have not yet sent in your contribution of \$150 you have made a trial attorney very happy. ▲**

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