



## CMA's Bill on Silent PPOs

### Executive Director's Message



By Bill Sandberg

ANY PHYSICIAN PRACTICING FOR 10 YEARS or more knows that the battles between for-profit HMOs, physicians, IPAs and medical groups have nearly disappeared. There are still skirmishes, but many oppressive practices have been legislated away, thanks to the California Medical Association, the American Medical Association and consumer pressures. Physician gag clauses, terminations without cause, slow pay and no pay, downcoding, deliberate delay and "loss" of legitimate claims, oppressive utilization review and treatment authorization practices have all but disappeared.

Federal racketeering suits against the worst offenders are moving ahead. Aetna and CIGNA have already settled, and have agreed to change the way they do business and to put up over \$1 billion in physician prospective relief nationwide over the next four years. Much of the money will be used to set up practice management, QA, patient safety and other initiatives to assist all physicians. Blue Cross/Anthem, Health Net and PacifiCare are slated for trial in September.

With the worst practices behind us, a whole new issue jumps to the forefront: Silent PPOs. A silent PPO is born when a health plan, insurer or another PPO sells or rents its physician network or panel to a third party, passing along the discounted reimbursement initially negotiated with the physician. In some cases, the origin of the discount cannot be found. In others, it can be traced back to language in the original contract the physician signed.

The proliferation of discounted PPOs has diluted the physician's ability to offer meaningful discounts to plans offering significant and valuable volume. In other words, everyone is taking the discount - even if the physician sees only one or two patients a year from a given plan.

The net result is described by Mark Rieger, CEO of NHXS in Sacramento in his article on the next page of this issue. Hundreds of PPOs are tied in with contracts signed long ago and forgotten by the physician. Ask almost any office that accepts PPOs and you will find that almost all paid claims come back heavily discounted. Appealing them, even if the appeal is fruitful, is often too much effort and expense.

Silent PPOs were a major subject at the CMA Annual House of Delegates Meeting in March. In preparation for it, CMA with the assistance of Rieger developed a "Silent PPO Action Plan," which is document number 1907 in CMA's On Call Document section at [www.cmanet.org](http://www.cmanet.org).

The CMA has also sponsored legislation, AB 757, which has five major provisions.

- Insure that a physician is aware of every payor to whom the discount is sold, and that it is agreed to in writing.
- Prohibit health plans from forcing physicians into other lines of business (such as workers' comp).
- Force health plans to disclose, at various intervals, a payor summary of whom the

physician has agreed to provide a contracted reimbursement rate that is sold, leased or otherwise transferred.

- Require that contracting agents make their fees transparent.
- When a physician terminates the underlying contract, all other contracts flowing from the original are cancelled as well.

Let's hope this bill passes. The past practices of HMOs and the silent PPO situation illustrates the continuing dilemma that solo, small group and even some PPO-dependent groups can have in contracting.

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