



A Solo Physician's View on a CalPERS Data Bill



By Lee T. Snook, Jr., MD

I can save you the cost of this legislation, which will solve nothing, and in fact further obfus-cates the obvious; we doctors are not the cause of rising costs of health care.

Following is a transcript of a presentation by Dr. Snook before the California Medical Association's Council on Legis-lation, on March 28 of this year. He had been asked to counter a CalPERS presentation on AB 1296, which would have required providers to provide CalPERS with cost, utilization and claims payment information for its members.

WE ARE INDEED PLEASED that CalPERS is concerned about the Causes of Rising Health Care Costs. As a practic-ing solo physician, who is responsible for my business, its costs, liabilities, and performance, I have a few observations and a few suggestions.

For starters, the analysis is flawed. It presumes that by getting information from the health plans about individual providers that this information will "enable staff to more effectively analyze benefit plan designs, validate the true cost of health care, and reliably determine health program effectiveness during the health plan annual rate negotiation proc-ess." One may infer that the staff will then be able to better negotiate a lower rate, and this somehow will improve quality medical care.

There are a few false assumptions:

- (1) that the "plan" will provide accurate, reliable, and verifiable "provider" information.
- (2) that the "provider" is a source for future savings.
- (3) that doctors are responsible for the rising cost of health care.

CalPERS staff recommends that the Board *sponsor* legislation that will require contracting health plans to provide actual provider claims payment information for all member health care services rendered at the individual level, includ-ing the provider contract allowance amounts.

We would like to believe that CalPERS would not breach patient confidentiality and would also like to believe that they would not use patient and physician medical information against them. Unfortunately, this has been the case with other entities.

I can save you the cost of this legislation, which will solve nothing, and in fact further obfuscates the obvious; *we doctors are not the cause of rising costs of health care.*

How about paying me, the physician, directly? That way you have direct and tangible data. You receive a bill from me, electronically if you prefer, at the point of service. You then pay me, electronically if you prefer, within a reasonable time frame you and I have agreed to. This is the best format for Pay for Performance. I perform and you pay... without the high cost of the middle-man plan administrator. I have my payment and you have your data: reliable, accurate, veri-fiable and immediately available. Do not be deluded into thinking that the insurance plan will divulge their rapacious profiteering. Why should they?

Think of the savings that CalPERS can reap. You have immediately saved at least 15-20 percent on plan administration right off the top. You have saved on an endless stream of middle managers and a variety of other entities that extract money from the system without any value or benefit to your constituents, which are our patients. By taking this action you have done a great service to restore the doctor patient relationship and direct communication with the payer, you. No longer do you have to seek costly legislation to procure data that you can immediately obtain with existent technology that you already own. No increased cost for proprietary software, no increased overhead to collect and verify data. It is there for you to look at, already as your staff wishes a "detailed provider claims payment data for each member." The solution to your problem is already at your hands.

Your Board has a fiduciary responsibility to its constituents, our patients. You propose legislation that will compel health plans to provide you accurate insider industry information. You specifically mention Blue Shield, the State's third largest health plan. Let's look at the track record so far. It took a class action lawsuit against Blue Shield alleging unlawful, unfair and fraudulent business practices to get their attention. They agreed on a settlement of \$6.5 million dollars on behalf of former and current Blue Shield subscribers residing in California, which received overwhelming support from the class members. Final approval of the settlement was granted by the Honorable James L. Warren in March of 2006. The DMHC recently fined Blue Cross in a relatively rare act of enforcement for a trivial amount of one million dollars. This is on the heels of a September 2006 fine of \$200,000 dollars. Why? Because "Blue Cross's practices irreparably harm the consumer," to quote the DMHC press release of March 22, 2007.

Quite simply, the plan's behavior has become so egregious that it mandates an action from an entity that has historically been a pro insurance industry arm of the government. You can understand why we are concerned about CalPERS' desire to access confidential medical information.

If you read the papers, you must be aware that the health plans are extraordinarily profitable. A million dollars is chump change as a percentage of their profit. It doesn't even qualify as a wrist slap. Where does this "profit" money come from? Isn't this money that should be directed to health care? Do you pay the carriers to siphon money out of health care delivery all the while complaining of rising costs of health care? Please define health care. To me the simple definition is the care rendered by a physician to his or her patient. That is health care in its simplest form.

CalPERS staff talks about "health care costs" continuing to climb in California. *It isn't because of our charges.* Both Blue Cross and Blue Shield pay us a percentage of Medicare rates, which are nothing like our usual and customary charges. We doctors cannot control the rising cost of compliance with ever-increasing regulations. We cannot control the costs of prescribed pharmaceuticals. We cannot control the increased costs of responding to an endless stream of insurance industry denials, requests for authorizations, resubmitting of faxed documents, peer review rebuttals, peer review phone calls, paying for staff to be put on hold, and trying to navigate the obstacle course placed between the doctor and the patient, etc., etc., etc.

We went to medical school to practice our art. Our experience with the current "system" is that the emphasis from the carrier is to delay care, deny care, avoid payment, and to minimize and weaken the clinical decision making of the treating physician. It has very little to do with "quality care." What they mean by *Quality Care* is really *cost savings*. I read 1984 and recognize Orwellian double-speak, too.

We also have a fiduciary relationship with your members, our patients. They trust us to follow our sacred oath on their behalf. We want to honor that trust. If you are acting as a fiduciary, a responsibility based on trust to your members, then you should care about this as much as we do.

We doctors in the trenches actually seeing patients and keeping track of our business have

seen a steady decline in our payment for services rendered year after year, for at least the last 20 years - for as long as I have been keeping track. We know that the money you pay in good faith to provide health care to your members is being skimmed off the top by money handlers and the whole insurance industrial complex. You certainly must be aware that the increased "cost of care" has little or nothing to do with our charges. If you would like us solo doctors to prove this, we would be more than happy to provide you with our EOBs.

Your good faith attempt to collect more data to wrestle more money out of the 21 percent of the "health care dollar" going to doctors will not help you at all. You simply cannot squeeze us more than you already have. And by the way, what is wrong with 21 percent of the health care dollar going to the physician? There simply is *no better* value to your constituent, our patient, than the doctor-patient relationship. What are you thinking? The robber barons of the insurance industry have had their way with you. I suggest you spend your energies on the real driver of "rising health care costs," the insurance industry and their addiction to profit and capital greed.

We physicians continue to hang on and provide care at the same rates we charged over 15 years ago. Only, we get substantially much less payment for services rendered for a much greater overhead and extraordinary hassle. We do so because our primary directive is to care for our patients.

I recommend you abandon your proposed legislative action.

lsnook@pain-mpmc.com

*NOTE: The COL rejected the proposal to support AB 1296. The bill was amended on April 19 to apply only to hospitals.
- Ed.*

Sierra Sacramento Valley Medical Society
5380 Elvas Avenue #100 • Sacramento, CA 95819
916.452.2671 PH • 916.452.2690 FX • Email: info@ssvms.org

Copyright © 2000-2008 Sierra Sacramento Valley Medical Society - All Right's Reserved