

Moving on after doctor, insurer separate

Jodie Snyder
The Arizona Republic

Mar. 5, 2006 12:00 AM

What happens when a doctor and an insurer break up?

Continuity of care and patient-doctor relationships can go by the wayside when powerful interests in the medical community collide.

Arizona physicians' concerns about being reimbursed for care at a rate below the national average can propel them to drop lower-paying insurance contracts.

Insurers need to make a profit - also offer reimbursement rates that will satisfy physicians. In some cases, insurers are required to keep up their doctor networks to provide adequate access to care.

With more than 20,000 doctors and 20 insurance carriers offering care in Arizona, disputes happen, with some ending doctor-insurer agreements mere months after patients sign up for a plan.

In February when Biltmore Family Physicians told patients that it was no longer taking Aetna HMO insurance, patients of the Phoenix doctors group had fewer than 30 days to find another doctor.

The letter sent to more than 400 patients gave a behind-the-scenes glimpse at the tension between physicians and insurers.

Drs. Kim Johnson and Philip James told their patients that Aetna HMO reimbursements were too low, referrals not easy to make and they had concerns about the quality of care.

Two weeks later, Aetna fired back, telling patients that the complaints were "unfounded or misleading." Separately, the insurer sent a certified letter to the doctors, lodging a formal complaint against them, saying "elements of letter were untrue and slanderous."

Maintaining networks

Both warring parties, the doctors and Aetna, agree on one thing: It's rough for the patients who are caught in the middle of the dispute.

It's especially hard in the Valley, where it can take time and persistence to find physicians.

Recognizing that insurers must have adequate networks of doctors, the Arizona Department of

Insurance now has put into place new rules that require HMOs to have a certain amount of providers.

Under new rules, which went into effect in December, members of the plan have to have available services within 10 miles if they are living in urban areas.

The insurance department also will collect information about members and physicians to determine if insurers have an acceptable ratio of providers to physicians.

"This is something that we have been hearing about, and when we decided to update the laws, it was something we wanted to look at," said Erin Klug, spokeswoman for the state insurance department.

All sectors of health care providers - doctors, hospitals and plans - frequently said availability of doctors, access to specialists and appointment times were critical issues, she said.

Financial sense

Physicians in the Valley long have been frustrated by lower-than-average reimbursement rates, according to a study by the Center for Studying Health System Change, a Washington-based think tank that follows the health care market in the Phoenix area as part of an ongoing study.

In other parts of the country, insurers pay more than what Medicare pays. In the Phoenix area, many insurers pay less.

It's a frequent source of complaints from doctors, who now are taking longer and harder looks at their insurance contracts and dropping them if they don't make financial sense, said Daniel Mitten, associate executive director of the Maricopa County Medical Society.

The society can't get involved in negotiations. That's up to individual practices.

Doctors long have complained that they are prevented from banding together to negotiate rates because of anti-trust laws.

It was Aetna's offering to pay less than Medicare that spurred Biltmore Family Physicians and other doctors to drop the insurer. A check of a doctor's practice conducted by The Arizona Republic indicated that Blue Cross and Blue Shield of Arizona was paying 99 percent to 105 percent for office visits and services, while Aetna was paying 93 percent to 95 percent.

Aetna negotiates its contracts with each provider individually, and it's possible that some rates are lower than Medicare, said Rachelle Cunningham, the company's spokeswoman.

In the past, Aetna had a reputation among physicians for being too tight-fisted and was involved in several major class-action lawsuits. The company learned from that and has increased its fee schedules, Cunningham said.

For the past year, the insurer had a 99.5 percent retention rate among its specialists and a 98.9 percent retention rate among its primary-care providers. The rate covers both HMO- and PPO-type plans.

"I don't know where this criticism is coming from," Cunningham said, adding that if doctors weren't happy they wouldn't be staying.

Biltmore Family's complaints are isolated, she said.

'Less than Medicare'

Others physicians and their practice managers aren't convinced.

Catherine Drezak, practice manager of Arizona Vista Family Medicine, said that it dropped Aetna about a year ago because of low reimbursements and difficulty of referrals. About 6 percent of the practice's 5,000 patients were affected, she said.

It's the same for Dr. Marc Rosen, a Glendale orthopedic surgeon, whose practice dropped Aetna in June.

"They are paying less than Medicare. I can't pay the lights and pay the office staff and keep this going on that."

Rosen said he has taken a hard look at all his insurance contracts, and now he has agreements only with four insurers.

At Biltmore Family Physicians, this is the first time in 20 years it has dropped a health plan, Johnson said.

"For me, this is like losing family members, and it is very difficult.

Johnson said the practice sent out the letters to patients because the doctors wanted to set the record straight.

"I'm not going to hide these secrets."

Reach the reporter at jodie.snyder@arizonarepublic.com.