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BENEFIT INFORMATION RELEASE
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Physicians Pay Steep Price To Contract With Health Plans. Annual Costs Estimated As High As \$31Billion

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The focus of our July Newsletter is the physician perspective as it relates to health care and includes a recently released study: *“What Does It Cost Physician Practices to Interact with Health Insurance Plans?”*, funded by the Robert Wood Johnson Foundation and the Commonwealth Fund. In addition to these results, we’re including information on an emerging theme among health plan administrators: the *“Patient-Centered Medical Home.”* To round out this issue and highlight the physician perspective as it relates to proposed healthcare reform, you’ll find a summary of President Obama’s June 15 meeting with the country’s leading physician group, the American Medical Association.

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THE FOLLOWING INFORMATION WAS RELEASED BY THE AMERICAN ACADEMY OF FAMILY PHYSICIANS.

Physicians know all too well that dealing with the details required by health insurance plans takes time. Now, researchers have tallied up all those physician and staff hours spent on administrative tasks related to pharmaceutical formularies, prior authorizations, claims and billing, credentialing, and contracting, and they have assigned these services a hefty price tag. The researchers estimate the cost of such administrative tasks ranges from \$23 to \$31 Billion annually.

According to the study, "What Does It Cost Physician Practices To Interact With Health Insurance Plans?" which was published online May 14 in Health Affairs, physicians spend an average of three hours a week -- or nearly three weeks a year -- on tasks related to patients' health insurance. Nurses spend about 19 hours per physician per week taking care of such tasks, and clerical staff members spend nearly 36 hours per week on the tasks.

The study authors put the numbers into perspective. "Our estimated mean \$31 Billion cost to physician practices of time spent on interactions with health plans is equal to 6.9 percent of all U.S. expenditures for physician and clinical services. It is six times the amount the federal government has spent annually on the Children's Health Insurance Program."

According to the study, the financial hit to primary care physicians -- who, the authors note, earn less than subspecialists -- is the greatest. Researchers estimate that yearly health plan administrative costs for a primary care physician add up to \$47,707. That's nearly one-third of the average income (plus benefits) of a primary care physician. The study was funded by the Robert Wood Johnson Foundation and the Commonwealth Fund.

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Lead study author Lawrence Casalino, M.D., Ph.D., told AAFP News Now that he practiced primary care medicine for 20 years, and he understands why physicians are frustrated with time-consuming health plan details.

"From the physician practices' point of view, it's a nightmare," said Casalino, who is chief of the Division of Outcomes and Effectiveness Research at Weill Cornell Medical College in New York City.

However, Casalino acknowledged that health plans are always looking for a competitive edge, a better product and lower costs. "Plans get an advantage over other plans if they can help hold down costs," he said.

For instance, take those ever-changing pharmaceutical formularies. "That's annoying to physicians for sure, but there are potential benefits if health plans are negotiating good deals and getting lower prices," because that helps lower health care costs, said Casalino.

He even sees a possible positive side to those pesky code edits that each health plan handles differently. Code edits, if conducted effectively, could force a reduction in unnecessary or excessive health care services, he said.

ADDITIONAL STUDY FINDINGS

The researchers based their results on survey responses gathered from 1,310 physicians, including 730 primary care physicians and 580 other physician specialists. The authors asked survey participants how many hours they spent per week on specific health plan interactions and found that physicians spent more time dealing with formularies than on any other interaction.

Primary care physicians spent significantly more time with formularies -- at 1.7 hours a week -- than did subspecialists (1.2 hours weekly) or surgeons (0.7 hours weekly). Additionally, the researchers found that primary care physicians spent 1.1 hours a week -- more time than other physicians -- securing prior authorizations for their patients.

"For primary care physicians, the problem is, of course, that you refer, but you don't get referred to," said Casalino. A good primary care practice always gets the necessary authorization for referral to a subspecialist and does so as a service to the patient, he added.

Casalino said his former practice paid a steep price for offering that service. He and his eight physician partners spent nearly \$11,000 each for two employees to procure prior authorizations from health plans. "For me, that was about 10 percent of my income," said Casalino.

Interestingly, for all the talk of quality improvement in health care, the researchers reported that the average physician spent just two hours a year on gathering quality data for health plans or reviewing quality data generated by plans about the physician's practice.

HEALTH INSURER RESPONSE

Casalino said that in discussions he's had with health plan executives, many admit to inefficiencies in their companies' procedures, but most insist they are streamlining the work they ask physicians do to.

Not so, said a strong majority of the physicians surveyed. In fact, slightly more than 80 percent of physicians and practice administrators said the costs of dealing with health plans had increased somewhat or increased a lot during the past two years.

Lewis Sandy, M.D., is the senior VP of clinical advancement for UnitedHealth Group. He said his company "strongly supports national standards that simplify administrative interaction between health care insurers and care providers."

Sandy is a member of the Healthcare Administrative Simplification Coalition, or HASC, an organization founded in 2005 by the AAFP, the American Health Information Management Association and the Medical Group Management Association to address the growing burden of administrative complexity.

Casalino concluded that the data compiled from the survey -- especially the eye-popping price tag -- should draw attention to the problems of high administrative costs as well as to the work of organizations such as HASC.

*Source: June 3, 2009
American Academy of Family Physicians*

You Know Us For Our Green, Now We're Even Greener!

Your shelves probably contain a few green marble binders; if you've been to our office you've seen the green marble on our signature wall and as an inlay to our conference room table. Over the course of the past several years, we've made strides in getting to a deeper shade of green.

Mills Benefit Group has made a commitment to help ensure a thriving ecological environment for future generations. We're using multiple avenues to find a positive result. The design of our office space promotes use of natural light on most days and if we're not in our office on those gray days when we do need to use our compact fluorescent lighting, it's always lights off! All non-sensitive office paper goes to a local company for recycling and the documents that go to "shred-it" eventually find their way to recycling stations.

Simply bringing all those coffee creamer containers to the recycling center may seem like a small step but in combination – it all adds up to a more promising future for the world! Right now, the USA is the largest trash producing country in the world with 1,609 pounds of trash per person per year. Keep this in mind as you design your next wellness initiative; lose the weight from both your waist and what you send off to the landfill! Mills Benefit Group has always believed in giving back to the community, reducing our ecological footprint is a natural extension of that philosophy. Here are a couple of the resources we utilize at Mills Benefit Group:

Shred-It: Mobile Paper Shredding & Recycling. "Each time this container is filled, half a tree is saved through recycling!"

1-800-69-SHRED or www.shredit.com

Have old company phones laying around the office or at home? Try Cell Phones for Soldiers, where they recycle your old phones and use the profit to supply phone cards to soldiers abroad so they can call home.

www.cellphonesforsoldiers.com

Mail to: Cell Phone Recycling Center,
2555 Bishop Cir W, Dexter MI 48130-9916.

You can see what your ecological footprint is by visiting www.myfootprint.org

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Patient-Centered Medical Home Concept

WHAT IS A PATIENT-CENTERED MEDICAL HOME?

A system of care based on the relationship between a patient and their personal primary care physician. The primary care physicians (pediatricians, internists, family practice doctors) lead a proactive health care team to provide long-term coordination and management of their patients' health care across all settings. Patients receive the right care in the right setting, and physicians are compensated for the additional time and effort required to manage their patients' care.

The concept of a 'medical home' was initially introduced by the American Academy of Pediatrics (AAP) in 1967. In March 2007, the AAP, the American College of Physicians (ACP), the American Academy of Family Physicians (AAFP), and the American Osteopathic Association (AOA) issued the joint principles of the 'Patient-Centered Medical Home' in response to several large national employers seeking to create a more effective and efficient model of health care delivery.

WHAT ARE THE FEATURES OF A PCMH?

Physicians are working on implementing the following features into their medical practices:

- Capabilities to report practice- and physician-level patient outcomes, efficiency of service, and patient satisfaction.
- Clearly discussing with the patient the roles and responsibilities of the doctor and patient, and documenting this discussion.
- Providing same-day appointments
Offering 24-hour patient access to a clinical decision-maker, with a multi-lingual approach to care. Access may include extended office hours, telephone access, linkage to urgent care, or a combination.

- Use of evidenced-based best practices.
- Providing effective and timely follow-up with patients on their test results.
- Coordinating patients' care across the health system through active collaboration and communication between providers, caregivers, and the patient.
- Providing patients with education on preventive care.
- Coordinating referrals to specialists, and providing specialists with patient information needed for proper care, such as lab work and test results.
- Offering patients connections to community services.
- Providing self-management education and support to patients with chronic conditions.
- Developing patient registries to track and monitor patients' care over the long-term.
- Use of health information technology—electronic medical records, electronic prescribing, practice websites and patient portals.

President Obama Meets with the AMA on June 15, 2009

In the longest speech of his presidency, President Obama outlined his vision for a health care plan at a gathering of the country's leading doctor groups, the American Medical Association.

One uncertainty is what changes, if any, will be made to malpractice awards, which could determine how many tests and referrals doctors prescribe and impact the ability of a patient to sue if something goes wrong.

Doctors say costs are spiraling up because they conduct so many unnecessary tests due to fear of malpractice lawsuits.

"What we asked the president is that if we as physicians are willing to tackle the issue of looking at variation of care and reducing unnecessary tests, we also have to have protection in the courtroom. If we didn't order a test, that we subsequently aren't going to get sued because we didn't order that test that shouldn't have been done in the first place," AMA's incoming president James Rohack told ABC News in May.

"I recognize that it will be hard to make some of these changes if doctors feel like they're constantly looking over their shoulders for fear of lawsuits. ... I understand some doctors may feel the need to order more tests and treatments to avoid being legally vulnerable. That's a real issue," Obama said.

But, to a chorus of boos, the president added, "I'm not advocating caps on malpractice awards, which I personally believe can be unfair to people who've been wrongfully harmed."

Obama said he wants to work with doctors to encourage "broader use of evidence-based guidelines" and cut back "excessive defensive medicine," but he did not provide details on how that would be done.

GOVERNMENT'S PUBLIC OPTION PLAN

An additional issue, and the one where the president is likely to face the most resistance from the insurance industry, is a proposal for a public health care option, in which patients would have the right to choose a government-run plan that would compete with private plans.

"You will have your choice of a number of plans that offer a few different packages, but every plan would offer an affordable, basic package. And one of these options needs to be a public option that will give people a broader range of choices and inject competition into the health care market that [will] force waste out of the system and keep the insurance companies honest," he said.

Critics of the public plan say many employers will drop private insurance coverage, opting for the cheaper government plan.

Outgoing AMA president Nancy Nielson has said the AMA "opposes any public plan that forces physicians to participate, expands the fiscally-challenged Medicare program or pays Medicare rates, but the AMA is willing to consider other variations. ... This includes a federally chartered co-op health plan or a level playing field option for all plans."

"I need your help doctors, because to most Americans you are the health care system," the President said. "We listen to you, we trust you. And that's why I will listen to you and work with you to pursue reform that works for you."

Source: ABC News, June 16, 2009