

Beating the Reimbursement Blues

“Be persistent.”

That’s the mantra of Elaine Jones, MD, as she doggedly advocates on behalf of her fellow neurologists and patients in her home state of Rhode Island. Jones, who became an AAN Advocacy Leader at the 2003 Palatucci Advocacy Leadership Forum, has taken one of the Forum’s key messages to heart. Persistence means more than just pounding the same nail with the same hammer. You often need to use different tools to get the job done, as Jones did when pressing for changes in reimbursement rates from Blue Cross & Blue Shield of Rhode Island (BCBSRI).

Persistence is necessary when going up against a virtual monopoly. According to a study by the American Medical Association of insurance competition, BCBSRI controls nearly 82 percent of the state’s HMO and PPO market, placing the state 49th among all states for competitiveness in insurance markets.

“Rhode Island physicians were being reimbursed at rates below those of Medicare,” said Jones, “whereas in most states the private insurers reimburse higher than the federal programs. The general estimate was that Rhode Island physicians were paid 60 to 70 percent of Medicare rates. Another level of complication is that physicians are not allowed to discuss reimbursement rates due to antitrust laws. So comparing rates even across insurance carriers and across states was difficult.”

Help From an Unlikely Source

Ironically, it was a study commissioned by the Massachusetts Medical Society that lifted the veil off the Rhode Island’s reimbursement rates. “The society paid for an independent study of New England physician reimbursements rates to show how Massachusetts physicians were poorly reimbursed compared to other New England states. Their study supported their concerns—except for Rhode Island, which was *worse* than Massachusetts. Our physicians were reimbursed at 51.91 percent of what Massachusetts physicians were being reimbursed. Massachusetts’ physicians were being reimbursed at 10 to 15 percent less than other New England states, so my state was really badly off in regional comparisons.”

In the meantime, said Jones, premiums for BCBSRI had gone up 20 to 40 percent during recent years. At the start of 2004, there was a proposed 7 percent cut to reimbursement for procedures and a plan to cut other reimbursements. Previous meetings between the Rhode Island Medical Society and BCBSRI to work out the issues had



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degenerated to stony silence from the health insurer, according to Jones. “They were refusing to meet with representatives of the medical society,” she said.

Taking It to the Streets

Clearly, it was time for the medical community to switch tactics, and Jones joined in the ranks on the front line. “The medical society arranged rallies on the state house steps, did advertising campaigns with billboards around the state, newspaper ads, and articles. I was involved mostly by informing patients and colleagues about the issues and participating in the rallies. I discussed with patients the decision-making practices and red-tape issues involved in the medicines I was prescribing or the tests I was ordering. I told them about all of the day-to-day things we have to do to provide health care and the actual payments I was receiving from their insurance company. Telling a patient that you are only getting paid \$20-30 for some office visits makes an impact. I spread the word about rallies to physicians and patients. I emailed copies of the articles from the papers to physicians. I also placed copies of articles in the waiting room of my office and encouraged discussion from my patients. During this same time physicians were meeting with legislators and educating them on these same issues. The impact of this was clearly putting pressure on BCBSRI.”

The health insurer started to take considerable heat as investigations became public. President and CEO Ronald A. Battista, a 33-year veteran of the company, had \$600,000 in loans from BSBCRI that would not have to be repaid if he remained employed through 2007. It was further revealed that the board of directors, executive staff, and spouses had enjoyed luxurious annual business planning weekends on Cape Cod. Board members were receiving annual fees of \$12,500, and the chairman was paid twice that amount. Executive staff would receive payouts if

the company were sold. On top of all this, the insurer had amassed a \$300 million reserve pool even while ratcheting up premium increases and reducing reimbursements.

Providence Helps Seal Victory

The pressure from physicians, legislators, and the public came to a head in early May 2004. After meetings with Governor Donald L. Carcieri and the leadership in the Rhode Island General Assembly, the BCBSRI directors capitulated. The board announced it would increase reimbursements to physicians by \$100 million over a 17-month period and reduce the rate of increases in premiums. Further, the board agreed to eliminate the questionable executive and board perks and re-examine its codes of conduct.

Then, on May 7, Battista stepped down by “mutual agreement” with the board, collecting over \$1 million in a severance package and forgiveness of the \$600,000 loans. In a BCBSRI press release, board chairman Frank Montanaro summed up the controversy: “Despite our business success, we have learned—perhaps the hard way—that corporate performance is not all that matters. We need to comport ourselves in a way that is sensitive to our members—particularly during these difficult times of extraordinary rate increases.”

The insurer’s surrender was met with wariness, according to Jones. “Physicians received a letter from BCBSRI that rates would be increased to equal those of Medicare. We thought there would be a catch—they had earlier teased us suggesting increases that ended up being for a few rarely used billing codes—but it appears there isn’t one. Then recently BCBSRI attempted to raise premiums again, but for the first time ever the Business Affairs Committee denied them an increase. I believe this was due to our educating everyone about the actual issues going on.”

Jones said the effects of the grassroots advocacy efforts are continuing. “Another positive step coming from all of this is that there are now bills being proposed to establish a Department of Insurance Commissioner, which our state doesn’t currently have. Now, if you have a complaint about BCBSRI, for example, you send it to the Business Affairs Committee which sends it to BCBSRI to evaluate it. It’s no surprise they never seem to find any problems, or they say they have dealt with the matter. Nothing else ever comes of it. Again through letter and email writing to our state legislators, we hope this independent body will be established, giving some power back to the people and out of the hands of these very large monopolies. We shall see.”

AAN Advocacy Training Produces Results

Elaine Jones credits the AAN and her experience with the Palatucci Advocacy Leadership Forum for galvanizing her actions, not only in the battle with BCBSRI, but also in her work to revitalize the Rhode Island Neurologic Society, which she has served as president since the summer of 2003. Her efforts have helped double attendance and increase membership, and she has brought interesting and relevant speakers to society meetings.

“I’m grateful to the AAN for their help in all of these activities. Without the training I received through the Forum I wouldn’t have been able to make these achievements. I have gained not only new skills but also the confidence to get involved. Instead of sitting back and bemoaning our fate, it is invigorating to get involved and make actual changes that better our profession and our patient’s futures. And it isn’t that hard to do.”

Jones has this advice to AAN members who want to advocate in their state or local communities: “Be persistent. Get involved in events that are going on and being sponsored or attended by the legislators. Give money. You definitely get onto other lists once you start giving money to a legislator. These get you into smaller group meetings with them and they get to know you. Monitor their websites because you’ll learn what is important to them and ways to get involved. Really make an effort in election years, because this has even greater impact.”

Finally, said Jones, “Be patient and keep trying. Volunteer for one thing and put all of your effort into making it a success. Whenever someone approaches you for help, say yes. Once you are involved they will start coming to you more and more and then you can pick and choose causes a little more carefully, but get known as someone who cares and wants to help.”

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