

Rhode Island Medical Society Council

Meeting of Monday, April 6, 2009

Meeting Highlights

MEDICARE TRANSITION FOR RHODE ISLAND The National Heritage Insurance Company (NHIC), of Hingham, Massachusetts, is replacing BCBS of Arkansas as the Medicare Administrative Contractor (MAC) for Rhode Island beginning May 1, 2009. NHIC has 22 years' experience as a Medicare contractor in other parts of the country.

Craig Haug, MD, Medical Director of NHIC, addressed the Council at length regarding the Rhode Island transition and responded to comments and questions. CMS now groups Rhode Island together with Massachusetts, New Hampshire, Vermont and Maine in a new "Jurisdiction 14," for which NHIC is the MAC for both Part A and Part B.

As Contractor Medical Director (CMD) for Jurisdiction 14, Dr. Haug characterized himself as averse to micromanaging and said that he would have "a light hand," which would become evident in part through a phased reduction in the number of Local Coverage Determinations (LCDs) that govern Medicare A and B in Rhode Island from more than 100 currently to about 40 in the future.

The Carrier Advisory Committee (CAC) for Rhode Island will meet one more time in-state on June 17 at the Rhode Island Medical Society. Thereafter, the CACs for each of the 5 states in Jurisdiction 14 will meet together at the headquarters of the Massachusetts Medical Society in Waltham, MA. Participation in CAC meetings will be possible in person and by teleconference. State and specialty medical societies nominate individuals to serve on the CACs.

Medical practices should now be preparing for the transition, which is scheduled to begin May 1 and be completed by June 1. By now, practices should be familiar with the NHIC website, www.medicarenhic.com, and should have signed up for NHIC's listserv to receive timely notices regarding the Jurisdiction 14 transition and seminars to help practices prepare.

LIFESPAN / CARE NEW ENGLAND MERGER Mr. George Vecchione and Mr. John Hynes addressed the Council at length and responded to comments and questions regarding the proposed merger of their two hospital systems, which was first announced publicly in July 2007. Complexities of the state's application requirements have delayed the consummation of the merger, which Mr. Vecchione characterized as more urgent today than it was in 2007 because of the growing competitive threat posed by institutions in eastern Massachusetts. He warned that failure to build the strong academic medical center envisioned by the merger proposal would result in a loss of tertiary care volume in Rhode Island. That loss would reverse trends of the past 25 years, adversely impacting Rhode Island's ability to attract and retain physicians and damaging the Rhode Island economy as a whole. Such setbacks would also force Lifespan and Care New England to compete more determinedly with other institutions within Rhode Island's borders, he said. However, the two hospital leaders dismissed as "a myth" the perception that their

merged hospital systems would tend to absorb resources at the expense of unaffiliated institutions and professionals. They asserted that hospitals in Rhode Island, like the doctors, are generally underpaid in comparison with other jurisdictions and that the medical loss ratio of BCBSRI, currently about 87%, should be higher. They disputed perceptions that institutions already command a disproportionately larger share of the health care dollar in Rhode Island than is the case in other jurisdictions. They also disputed the perception that Blue Cross and United compensate the larger institutions affiliated with Care New England and Lifespan at rates that are substantially higher than what smaller and unaffiliated community hospitals receive for comparable services within Rhode Island.

They predicted that health care cost inflation would moderate with time as a result of administrative streamlining, market leverage and economies of scale achieved by the proposed merger, but that cutting costs was not the primary motivation for merging. They cited recent renovations at Bradley Hospital, a Lifespan partner, as an example of growth and development that would not be possible without the superior access to capital that larger enterprises can command.

They stated that they agree with the Medical Society's position that coordinated statewide health planning is an essential prerequisite for the proper evaluation of any hospital merger proposal; however, while such planning is not happening, the urgency of the proposed merger continues to grow, in their view.

PHYSICIAN PAYMENT ISSUES Dr. Siedlecki directed attention to materials in the handbook (ATTACHMENT 2) summarizing several phased payment improvements by BCBSRI and outlining certain current initiatives of the Health Insurance Commissioner designed to expand resources supporting primary care.

Mr. Koller will address the RIMS Council at the next regular Council meeting on June 1.

LEGISLATION RIMS will testify on bills relating to physician reimbursement on Tuesday, April 7, at the General Assembly. Council members were urged to sign up to make a RIMS "House Call" at the State House.

In Washington, RIMS is a signatory to a number of federation initiatives, including efforts to remove physicians from the "Red Flag" definition of "creditor." Also, AMA sees a permanent fix for SGR as a credible possibility this year.

OTHER MATTERS The Council voted to authorize the President to appoint, convene and chair a nominating committee. In addition, Dr. Siedlecki noted the following events:

- RIMS Presidents Forum for strategic planning, April 2
- Meeting with Health Director Gifford, April 9
- Meeting with BCBSRI medical director and professional relations staff, April 16
- Meeting with Health Insurance Commissioner Koller, April 16
- Program for physicians on the federal stimulus, April 30 (with Quality Partners)
- RIMS Executive Committee, May 4
- Annual Tar Wars poster competition and bike helmet distribution to RItCare kids, May 9 (both in Pawtucket this year)
- Health Insurance Commissioner Koller will address the RIMS Council on June 1.
- RIMS practice revenue seminars, June 1 and 2 (w/ Connecticut Medical Society)