

Mo' Better Blues: Critics Say Blue Cross and Blue Shield Has Improved

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Who says an old dog can't learn new tricks?

Two years after Blue Cross and Blue Shield of Texas found itself in the doghouse of physician opinion, "Old Blue" has rejuvenated its standing among many Texas doctors with its willingness to listen to physician complaints and move promptly to address them.

"The good thing is that they are trying very hard," said Robert Gunby, MD, chair of the Texas Medical Association's Council on Socioeconomics. "They are going all out when we complain about something. They do the research and they meet with us. I think it's an attitudinal adjustment they have made."

Paul Handel, MD, Dr. Gunby's predecessor and a member of BCBS Texas' Affiliate Board, says the new attitude came from "their desire to revive and strengthen a close relationship that existed in the past. They illustrated that desire by placing some key people into proactive roles that address physicians' problems."

An example of the new attitude is a recent edict from BCBS Texas administrators to change all customizable edits in the BCBS claims-processing program to favor physician payment. "Edits" are instructions in the program that identify billing codes of related procedures and treatments and consolidate multiple treatments into a single reimbursable procedure, usually at a savings for the insurer. BCBS uses the popular ClaimCheck software. The software has some built-in edits, but it allows insurers to customize some edits to suit their purposes.

"We were given a directive to remove any customized edits that did not have a policy behind them," said LeeAnn Shuptrine, RN, manager of medical policy for BCBS Healthcare Management Division.

TMA officials say BCBS Texas is the only insurer they know of that has taken such a step in favor of physicians, and they praise the insurer for its initiative.

Inception of Office of Physician Advocacy

It wasn't so long ago that physicians discounted praise of BCBS in favor of criticism. In March 2001, *Texas Medicine* published "Blue Cross Blues," which described growing physician dissatisfaction with the state's largest health insurer. The article related physician concerns that BCBS, founded in Texas in 1929 as a unique nonprofit health insurance plan for teachers, had become like other health insurers in the wake of its 1999 merger with an Illinois-based nonprofit BCBS entity.

Among the plethora of complaints BCBS faced in 2001 were that it refused to negotiate contract terms with medical practices and instead proposed take-it-or-leave-it contracts, changed fee schedules without notice, failed to resolve claim backlogs with some practices, and balked at purging out-of-contract physicians from its network lists in an attempt to make itself more attractive to employers.

While BCBS Texas disputed such charges and blamed sore feelings on a series of misunderstandings, it nonetheless moved quickly to address its tarnished standing with Texas physicians.

Within months, it announced at TMA's annual meeting that it was setting up an Office of Physician Advocacy headed by Dee Whittlesey, MD. Dr. Whittlesey and her office were to gather input from physicians and be the doctors' advocate with the company.

If TMA leaders and other physicians were skeptical at first, today they now credit Dr. Whittlesey and BCBS Texas President Pat Hemingway Hall for implementing a system that has rejuvenated BCBS in the eyes of the state's doctors.

"Pat Hemingway Hall gets a big 'A+' in hiring Dee Whittlesey to talk to physicians," Dr. Gunby said.

"She has been absolutely tireless in trying to do something for physicians," added Dr. Handel.

Within another few months of creating the physician advocacy office, BCBS snared Dr. Handel for its Affiliate Board.

"The Affiliate Board does things like monitoring prompt pay and advising BCBS, but it does not get into day-to-day management," said Dr. Handel. "Still, Pat Hemingway Hall and I agreed that I would not be a 'yes' man."

Drs. Handel and Gunby say BCBS has undertaken positive programs to strengthen ties with physicians. Among them are free Health Insurance Portability and Accountability Act (HIPAA) workshops, meetings with TMA and county societies, on-site visits to practices to resolve problems, large numbers of BCBS staff involved in carrier meetings, establishment of a free claims clearinghouse, and a refreshing willingness to meet and talk. BCBS Texas is the only insurer that always attends TMA Council on Socioeconomics meetings.

BCBS officials cite several examples of their attempts to build relationships with physicians. Among them are talking with physicians about increasing electronic claim submissions and understanding the obstacles to effectively doing so; revising administrative policies to reduce BCBS requests for additional information from physicians; and relaxing of several front-end edits, which produced more claims for BCBS to investigate. In the latter case, BCBS Texas chose to investigate many claims that would have been returned for incomplete information, thereby shortening the payment time for claims ultimately found to be legitimate, BCBS officials note.

BCBS has considerable clout in the medical community through its networks. Company statistics show that 14,686 physicians are contracted with HMO Blue Texas, 17,886 with BlueChoice, and 27,832 participate via ParPlan. As of Dec. 31, 2002, it listed 12,862 Texas employer groups as customers, not including out-of-state employers with members in Texas.

BCBS Texas officials say their networks are larger and more extensive than ever. Over the past three years, the networks have grown approximately 10 per cent each year, they say.

Ms. Hall says the company "has made a very focused, dedicated effort over the past two years to strengthen our relationship with Texas physicians. Our efforts have been designed to better understand the priorities, issues, and concerns of the physicians in Texas. We have attempted to become more involved, to listen better, and to respond to problems quickly."

She adds that the insurer understands "that a strong relationship with the physician community is a critical aspect of how we do business. Our members are [the physicians'] patients. It is imperative that we work together to meet the collective needs of these individuals we serve."

BCBS Texas is engaged in a massive outreach effort to physicians, Ms. Hall says.

Teresa Devine, TMA's director of health care financing, confirms that BCBS Texas has contacted local medical societies for help in identifying practices with ongoing problems.

On the Ground

How does the company's new responsiveness play out for physicians? One critic of BCBS Texas in 2001 is now persuaded it is trying harder.

Steve Neorr, director of business development at the Medical Clinic of North Texas, a Fort Worth-based practice with 71 physicians, complained two years ago that BCBS representatives suggested the clinic would get no help in resolving a \$200,000 backlog of unpaid claims unless it signed a new contract. BCBS claimed Mr. Neorr and his doctors misunderstood a conversation and moved quickly to resolve the backlog.

Mr. Neorr says his practice resigned from the BCBS network, but signed up again once the rates went up a year ago.

"None of the plans are great on prompt pay, but Blue Cross has done a much better job in prompt pay in recent years," he said. "Now the problem is rate structure."

Mr. Neorr says the clinic has encountered few persistent prompt pay problems with BCBS. "We submit our claims electronically, and we have quarterly meetings with them. Blue Cross is not the best and it's not the worst, but it has definitely improved."

BCBS processed more than 30 million claims in 2002, totaling more than \$20 million each business day, company figures show. The company says 84.3 percent of all claims were processed within 14 days, 99.2 percent within 30 days, and 99.7 percent within the 45-day limit for claims subject to prompt pay rules.

"When you negotiate rates with Blue Cross, it's still take it or leave it. But we knew what those rates were, so our last contract negotiations [of other terms] went pretty smoothly," Mr. Neorr said.

One of the major areas of complaints about BCBS Texas was what doctors perceived as an unwillingness to negotiate contract terms with doctors, which stemmed from the consolidation of standard contracts by BCBS Texas from 900 to 19 standard reimbursement levels.

"As much as possible, we reimburse all physicians practicing in the same community and in the same specialty equally," said Darren Rodgers, Health Care Management Division senior vice president. "In addition to being the most fair to all physicians, this allows us to pay claims faster and keep our administrative costs among the lowest in our industry, which puts more of the premium dollar where it belongs -- in the hands of the providers of care to our members."

A Complex Rate System

Mr. Rodgers says doctors who complain about being paid a percentage of Medicare must understand that BCBS does not use a straight Medicare reimbursement system.

In 1997, BCBS Texas began implementing the Resource-Based Relative Value Scale (RBRVS) as a basis for most reimbursement, Mr. Rodgers says. "However, not all areas of the state are on an RBRVS-based reimbursement model and not all types of physicians are either."

Although RBRVS is closely aligned with Medicare, there are significant differences in applying it by BCBS Texas and Medicare, he says. "First, Medicare uses eight regional payment areas in Texas; Blue Cross and Blue Shield of Texas uses 19. Medicare also uses RBRVS, along with other factors, to calculate final reimbursement amount; BCBS Texas uses only the relative values and a conversion factor that is a certain percentage -- varying by area -- above Medicare."

Mr. Rodgers says Medicare changes reimbursement each year on Jan. 1; BCBS Texas updates most relative values on an annual basis, but the timing of the updates may vary.

"Blue Cross and Blue Shield of Texas updates the conversion factors only after comparing utilization from the prior year to the new relative values and developing a 'revenue-neutral' base," Mr. Rodgers said. In this way, fewer physicians are impacted by swings in the relative values from year to year.

Another measure of physician discontent, TMA's Hassle Factor Log, shows that BCBS Texas has improved its relationship with physicians in several areas. In 2002, complaints about delays in payment dropped from 45 percent of total complaints about BCBS to 32 percent, and complaints about patterns of late payments fell from 9 percent of all complaints in 2001 to 2 percent in 2002.

In the critical area of telephone access to claims personnel, BCBS also improved. Complaints about having to make numerous calls to get a claim problem resolved went from 20 percent of the total in 2001 to 6 percent in 2002, and complaints about hold time dropped from 8 percent in 2001 to 3 percent in 2002.

"BCBS Texas has been steadily building our provider service capability over the past several years," said BCBS Texas spokesman Mark Lane. "We made significant investments in technology and training and have streamlined our provider service operations. In 2002, we handled more than 3 million inquiries from physicians and hospitals; by the fourth quarter, we were averaging a response time of 41 seconds per call."

Merger Mania Ends

In 2001, many physicians were concerned that BCBS was more interested in mergers and acquisitions than in serving patients.

Ms. Hall says growth is a continuing objective for the company. "As the only statewide not-for-profit health plan, our goal is to serve as many Texans as possible," Ms. Hall said. "To achieve this, we must remain financially stable, and we must continue to grow."

She says mergers permit BCBS to gain new members and allow new efficiencies for the company, but she acknowledges "they inevitably have some impact on "business as usual."

"Our objective is always to minimize any disruption as quickly as possible to continue to serve our members," she said. "Our merger with BCBS Illinois contributes to our financial stability. Our acquisition of NYLCare added significant membership. The post-merger-and-acquisition disruption is now well behind us. We have no merger or acquisition activity contemplated in the near future."

In the present, however, the focus is on physicians, Ms. Hall notes. "We still have work to do," she said. "We are committed to additional outreach throughout the state. This is not a short-term initiative; this is a way of doing business."