

Health care battle plays out locally: Exeter/Anthem fight not isolated

By **AARON SANBORN**

asanborn@seacoastonline.com

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EXETER — When the state launched a pilot project this summer to examine how hospitals and insurance companies can work together to reduce costs, Exeter Hospital and Anthem were at the front of the line to join in.

However, cost is also at the center of a long contract dispute between the two.

"It adds a great deal of irony to the situation," said University of New Hampshire Professor Ned Helms, who is director of the New Hampshire Institute for Health Policy and Practice.

Contract disputes like the ones in Exeter and between MVP Health Care and Portsmouth Regional Hospital are playing out across the country.

Some in the field believe the cost of health care in general is the driving force behind these disputes.

Brandon Edwards, president of Revive Public Relations, has spent time working with hospitals who are in contract disputes.

He said insurance companies are feeling more pressure to reduce their rates and as long as this pressure remains and the dollar remains tight, these contract disputes will continue.

"When food becomes scarce, table manners disintegrate," he said.

This new aggression from insurance companies is fueled by support from employer groups who are seeking rate decreases because of the tight economy, according to Edwards.

In addition, Edwards said there is pressure to reduce rates because of the health care reform law.

"These sort of contract issues have always been out there," he said. "The trend we're seeing now is the level of aggressiveness of the insurance providers."

Edwards expects that there will continue to be disputes between hospitals in various insurance providers across the country.

"I do think what we're seeing in New Hampshire is consistent with national trends," he said. "Insurers are feeling they can be aggressive with hospitals because they can, at some level, blame the cost of health care on hospitals."

Edwards noted that two years ago Anthem wasn't involved in many of these battles, now they're involved in multiple disputes.

Anthem has had recent contract clashes with hospitals in Missouri, California and Ohio, while Blue Cross and Blue Shield has had recent disputes in Texas and Louisiana.

Most of those disputes were eventually resolved.

Officials at the American Hospital Association said contract negotiations are unique to each hospital, so it's difficult to say whether what's going on across the country is a trend.

"The reality is that in this economic climate things are getting tighter and we will continue to see more contract disputes," said Marie Watteau, director of media relations for the AHA.

Whether it's a trend or not, some believe a move toward some sort of health care reform could help to avoid these disputes in the future.

Helms points his finger at the current "fee-for-service" system that dominates the health care system.

He said it creates an environment for these type of contract disputes and moving away from it could improve matters.

"I do think the frequency of these kinds of unfortunate circumstances would be less and less and that's good for everybody," he said.

In the "fee-for-service" system hospitals and physicians are paid based on the procedures they do and how many patients they see, rather than on patient outcomes, Helms said.

A more proactive system is needed where the quality of care is higher and preventive care is the focus, according to Helms.

With this type of system the patients are getting taken care of early in the process and could potentially avoid higher medical costs in the future, he said.

In addition, insurance providers need to be open to rewarding hospitals for spending more time counseling patients and avoiding larger costs down the line.

"Whenever we have these contract battles it's always 'how much am I going to have to pay you for these procedures,' he said. "The conversation has not been about 'how am I going to pay you to make sure people are getting the care they need, so they don't have to go to the emergency room."

Last summer the state launched the Accountable Care Organization, which Exeter and Anthem are a part of.

The five-year pilot project aims to encourage hospitals, doctors and health insurers to work together to share costs, risks and accountability for the quality of patient care and promote a system where preventive care is emphasized.

Helms said the group is working hard and he is confident the state can eventually move away from the "fee-for-service" model but said it will take time.

He hopes to see improvement to the system in 2014 but said it could take a decade for everything to come together.

"When we move away from the old convention and move to a new one, these talks won't be about costs, we'll be talking about keeping people healthy," he said. "We've got to move away from the battles of yesterday and move towards tomorrow, where it's all about keeping our health care costs low and bending the curve on health care."

Dr. Thomas Clairmont, of Physicians for a National Health Program, also sees more of these contract disputes on the horizon if the health care climate doesn't change.

"For the first time you are seeing insurance companies saying 'we can't pass these costs on to our customers anymore, it's not affordable, it's not sustainable,' " Clairmont said.

Clairmont supports creating a single-payer system nationwide that would eliminate insurance companies.

Such a system would cover all necessary medical services and would be financed by a roughly 4.5 percent increase in taxes, which would replace premiums, according to Clairmont.

There would also be global budgets for hospitals.

"There wouldn't be these type of contract disputes," Clairmont said. "Hospitals will be paid globally — we'd pay them their costs and they'd have incentives for being more efficient."

Anthem and Exeter Hospital have until March 1 to settle their dispute over costs before the contract terminates.

Nonprofit health insurer MVP Health Care recently told Portsmouth Regional Hospital and Parkland Medical Center in Derry that they were prepared to cut ties with them because of high rates for health care services.

MVP has since said that they are willing to resume discussions with the hospitals about a new agreement.