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SEASON'S GREETINGS!

The year 2002 is winding down and Jackson Physicians Alliance is preparing its Year 2003 Operational Work Plan. I've had the opportunity to reflect upon our accomplishments. We have had a very successful year and appreciate all of your support.

Some of our key successes include:

- Securing more realistic risk incentive utilization goals with BCN (JPA is close to achieving all three targets)
- Creation of the JPA HIPAA Implementation Task Force to assist JPA Practices with their HIPAA compliance activities.
- Negotiation of a Cascade Health Partners settlement with Foote Hospital.
- Establishing new discount programs leveraging JPA's collective purchasing power. These include discounted medical and surgical supplies through McKesson-HBOC as well as low cost medical malpractice coverage through the Jamieson-Allen Agency.
- Continuing to hone utilization and information reports to our physician

members so that best practice initiatives can be implemented.

As we look to 2003 JPA will continue to build "value added" services for its members. Our strategic plan includes: working more closely with self-insured employers land exploring a "staff leasing" option for JPA practices. We also expect to continue with our education programs and expand our discount programs.

As we create our 2003 work plan, we'll need your help. Please return the Practice Survey as soon as you receive it this January. Also, do not hesitate to contact me with any issues or comments.

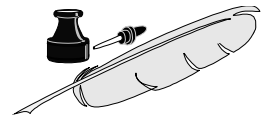
I appreciate your support and look forward to developing JPA into a valuable management service organization that helps your practice.

Warmest wishes for a happy and healthy holiday season.

Lynn Van Wagnen, MD

President

(518) 787-8334



Health Care Trend Predictions

JPA continues to monitor the health care environment and changes taking place in Jackson County. We do this to help us plan and anticipate changes in the local health care market. This year's review is summarized in two sections: Health Care

(Continued on page 3)

Flu Season is Almost Here

Encourage your patients to receive their flu shots. This can be accomplished with mailers to households or by putting the information on your phone message when callers are on hold.

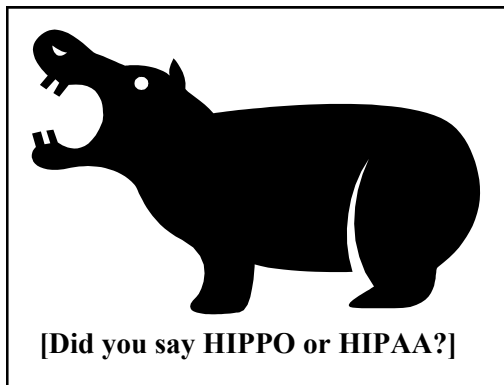
What's Going on in the World of HIPAA

How is your practice preparing for its HIPAA compliance? Some deadlines related to this regulation have already passed while others loom. The next significant compliance date is April 14, 2003, when practices need to be compliant with the Privacy Provisions.

Preparing for compliance has been frustrating since many of the rules and regulations continue to be modified. We also continue to wait for final provisions to be issued (e.g. related to Security).

On August 16, 2002 the HIPAA Privacy Rule revisions were finalized. Some of the recent revisions include:

- A. *Consents are optional.* Before this latest change Consents would have been required before the patient could receive care.
- B. *Authorizations for Non-TPO disclosures can now use one form.* Prior rules stated that a different form for each type of disclosure needed to be developed.



- C. *Providers can use waiting room sign in sheets, keep patient's charts at the bedside, talk with patients in semi-private rooms and confer at nurse's stations.* Specifics related to these situations were unclear prior to the revisions.

- D. *Good faith effort must be used to obtain written acknowledgement of the Notice of Privacy Practice receipt.* Prior regulation stated each patient must receive the Notice and sign verifying receipt.

- E. *Vendors with contracts that do not expire prior to 4/14/03 do not need to have Business Associate Contracts in place until April 2004.* This will allow you to prioritize those business associates needing BACs this year.

JPA administers a HIPAA Implementation Task Force to assist interested practices with their compliance activities. Please do not hesitate to contact us should you wish.

Our HIPAA efforts might help you save time and expense.

The Latest Withhold Statistics are in!!!

The latest risk incentive withhold pools show that we are very close to meeting the BCN utilization targets. You'll recall that these targets are in the following categories:

Outpatient Surgery; Outpatient Radiology; and Emergency Room.

Remember JPA is eligible for TWO YEARS of withhold if these thresholds are met. Remember to take the time to discuss the plan of care with members requiring these services. We need to stay focused on achieving these goals. Help us reach our targets!

IN THE DOOR

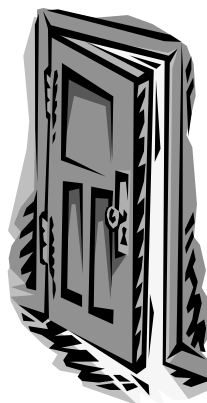
Please welcome the following new physician members to JPA:

- **Matt Rosenberg**, MD, Mid-Michigan Health Centers. [Family Medicine]
- **Timothy Kval**, DO, Mid-Michigan Health Centers [Family Medicine]
- **Mark Lay**, MD, Center for Fam-

ily Health. [Family Medicine]

Correction:

- **Stephen Arntz**, MD has joined the Centre for Family Medicine. We reported a different office in our September issue. We are sorry for any confusion.



JPA Directory

The JPA Directory will be going to press soon. Please inform Cheryl of any changes of address, phone or fax numbers. The new Directory will be published in January 2003.

Health Care Trend Predictions cont.

(Continued from page 1)

Industry Trends and Jackson County Environmental Scan. Please take a moment and review the key issues affecting physicians and Practice Managers.

Health Care Industry Trends

- Membership in HMOs is declining nationally, with 79.5 million people enrolled in HMOs in 2001, an estimated 1.7% decrease. This trend is expected to continue into 2003.
- There is also a declining number of HMOs available due to mergers, acquisitions, and terminations. The number of HMOs dropped from 568 in 2000 to 541 in 2001.
- Fastest growing insurance type are the "open access" & "free choice" programs- PPOs & POS programs.
- Over 50% of all employees with health coverage are enrolled in PPOs, 26% are enrolled in HMOs, and 5% are enrolled in traditional indemnity plans.
- The past year has also seen a rise in alternative insurance programs, including Medical Savings Account (MSA) programs, employer-defined contribution programs, and catastrophic-only traditional insurance.
- After several years of declining figures, the number of uninsured individuals rose in 2001 and is expected to rise again in 2002 and 2003.
- More HMOs use fee-for-service than capitation models to pay PCPs and specialty physicians.
- For the second year in a row health insurance premiums rose by double digits. Reasons include: advances in drugs, medical devices and technology; rising (hospital) provider expenses; and government regula-

tion.

- Total spending by private health insurance is expected to increase from \$537 billion in 2002 to \$767 billion in 2007, an annual growth rate of 7.4 percent. Estimates show that without managed care that growth rate could be as high as 9.2 percent annually.
- Coordination and integration of Provider Delivery Systems is not as strong as administrators would like. [JPA is working to establish itself as an exception to this trend]
- Many providers continue to see a drop in their income.

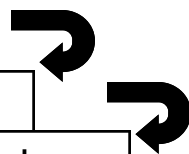
Jackson County Environmental Scan

- Largest segment of the Jackson County population is the 35-44 age group, with a median age of 36.6, a slight increase from the median age reported last year.
- The labor force has grown by 3,500 people, however the number of available jobs has not kept pace. The unemployment rate increased to 6.1%, up 1 percentage point from last year and above the national average of 4.3%.
- In the business community there have been layoffs at the Prison and the bankruptcy of Jacobson Stores Inc.
- On the positive side, downtown is being revitalized and Consumer Energy is moving back creating up to 1,700 jobs by June 2003.
- The County continues to see growth in the area of self-funded insurance.
- Jackson County residents are looking for free choice of providers and specialists and limited paperwork related to their claims submission.

Generics 1st

Formulary Brand 2nd

Non-formulary Brand 3rd



McKesson Medical -Surgical HBOC

JPA's annual 2002 survey indicated offices wanted a medical supply firm with low rates and good service. JPA spoke with several firms and checked prices. McKesson Medical-Surgical HBOC offered the best rates. McKesson has implemented a central warehouse and delivery service for more efficient delivery. Give Mike Stock a call at 800-877-1919 ext. 3273 to see how he can help you. We know you will be pleased with the McKesson-JPA arrangement.

BCN has launched a statewide information series on Generic drugs. The purpose is to let consumers know that generic drugs have the same potency as brand name drugs and cost less. More and more employers are moving to tiered Pharmacy Plans as a cost saving maneuver. This means that covered members pay varying copay or percentage amounts depending upon the tier that the prescription falls under. Generic scripts are always in the 1st tier and cost the member the least. Please encourage this cost saving measure with your patients. When writing scripts for your patients, explain that you are prescribing a generic and that the generic is as effective as the brand name and less costly. JPA's BCN Pharmacy Incentive is tied to an overall cost target as well as a percentage generic use target.

**THE JPA EXAMINER IS A
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**Jackson Physicians
Alliance**

JPA Members Named “The Best Doctors in America”

Seven JPA physicians have recently been selected to be included in the “The Best Doctors in America” 2001-2002 listing. These doctors are **Dr. James Chauncey III** (*Pulmonary and Critical Care Medicine*), **Dr. Paul Ernest** (*Ophthalmology*), **Dr. David Halsey** (*Internal Medicine/Endocrinology*), **Dr. Thomas Harris** (*Dermatology*), **Dr. Timothy Van Schoick** (*Pediatrics*), **Dr. John Wald** (*Neurology*), and **Dr. James Wilkins** (*Dermatology*).

The physicians were selected by their colleagues who were asked to rate the clinical abilities of other local doctors in their respective areas of specialization. Only those physicians who earned the consensus support of their peers were included.

Congratulations! It is a pleasure to have you be part of our organization.

BCN Contracting

BCN 2003 Negotiations are underway, please let Cheryl know of any issues or concerns you have. We expect to have the 2003 contract specifics finalized by the end of December. Call us ASAP with your thoughts. (JPA—817-2140)

“Open” Enrollment

The fall and winter months are when most companies offer employees their Health Plan Enrollment. Please call Cheryl at JPA to confirm your “OPEN” status with BCN. If your status is not OPEN, please discuss opening your Practice with the office manager and physician. With BCN’s non-renewal of the Greater Jackson Area Physician Organization, there are a number of patients looking for new BCN participating primary care physicians.