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Are you REALLY sure you have adequate liability coverage?

Over the past several years there have been substantial rate increases in medical professional liability coverage for many medical groups in Jackson County. Additionally, the scope of liability exposure seems to continue to broaden.

JPA has sought to find resources that might help mitigate the rate increases and exposure. One of the resources is the Jamison-Allen Agency. This full-service insurance agency provides competitive bids on professional liability coverage. They work with American Physicians Assurance Corporation (see American Physicians article page 2). JPA has investigated a number of medical liability companies and insurance carriers and has found the Jamieson-Allen Agency and American Physicians to be a good option for JPA physicians.

Since last year JPA has designated the Jameison-Allen Agency and American

Physicians as preferred vendors. Our recent Practice Management Survey indicated high satisfaction with these two organizations. Both of these companies have demonstrated their commitment to JPA and our members.

When reviewing your coverage, be sure that you fully assess all of your medical liability options, with respect to coverage and premium value. Mr. Trent Allen or Mr. Todd Iannarelli from the Jamieson-Allen Agency can provide you with a quotation for your consideration. Their phone number is (517) 546-6350.

It is important to note that the Jamieson-Allen Agency also provides coverage such as workers' compensation and business owners policies (which include employment practices liability coverage). In today's litigious society, we cannot be too careful.

Is Your Practice HIPAA Compliant?

A recent survey conducted by HIMSS and Phoenix Health Systems found that many healthcare organizations are straining to meet the HIPAA Privacy compliance deadline and the Transactions and Code Sets (TCS) testing deadline, both occurring in April 2003. Overall, respondents reported that compliance efforts are moving forward, but progress is slow. Many organizations feel

hampered by difficulties in regulatory interpretation, budget constraints, and unsatisfactory communications with trading partners.

The survey, which has been conducted on a quarterly basis since January 2002, was completed by a total of 666 healthcare industry representatives. Of those who

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Fewer Premium Dollars Going to Medical Care

A study released in February by the Blue Cross and Blue Shield Association based in Chicago, reveals a decline in the percentage of health insurance premium dollars going toward payment of medical claims. The percent of premium revenue devoted to covering medical costs dropped to 84.7% in 2002 from 85.7% in 2001, according to the study, conducted by the actuarial firm Milliman USA (based in Seattle, WA). The industry's medical cost ratio was 85.4% in 1998.

Meanwhile, pretax profits grew to an average of 3.7% of premium revenue in 2002, up from 2.7% in 2001 and 1.7% in 1998. Administrative costs consumed 11.6% of health plans' premium revenue in both 2002 and 2001, down significantly from the industry's 12.9% administrative cost ratio in 1998. The report was based on data drawn from both for-profit and not-for-profit organizations and commissioned to determine trends in health plans' administrative costs. The medical cost ratio was not included in the report; it was obtained by

subtracting the pretax profit ratio and the administrative cost ratio from 100%. Blues Association spokesperson, Chris Hamrick, confirmed that the methodology was the correct one to use.

"Health plans achieved an average annual 2.6% reduction in their administrative cost ratio from 1998 to 2002, largely because of greater efficiencies," Hamrick said. The average annual growth in pretax profits as a percentage of premium revenue was 21.8% - but off of a much smaller base, Hamrick noted. "We're still only talking about less than 4 cents on every premium dollar," he said. The study is the latest in a series of Blues-commissioned reports analyzing key drivers behind rising healthcare costs. Nonetheless, with less premium dollars going to medical care, there will continue to be pressure on physician revenue streams and continued fee schedule reductions from insurance carriers.

-Much of this article is taken from Modern Healthcare's Daily Dose, February 24, 2003.

American Physicians – We're Here for You

As a leading Michigan State writer of medical professional liability, American Physicians Assurance Corporation (American Physicians) is uniquely qualified to meet the needs of JPA members. [In the Jackson marketplace, American Physicians was formerly known as AP Capital.] Headquartered in East Lansing, American Physicians has a strong knowledge of the medical liability market in Michigan. "We live and work in the same communities as our policyholders and we've been here continuously for more than 25 years," said R. Kevin Clinton, president & CEO.

When you choose American Physicians as your liability carrier, you can be sure that you are receiving top notch service from seasoned insurance professionals. "From our stringent underwriting standards, to our experienced claims staff, to our risk management experts, we have all of the bases covered," said Clinton. "In fact, American Physicians' practices set the standard for medical liability insurance."

American Physicians was founded by the medical community and is exclusively endorsed by the Michigan State Medical Society (MSMS), and the Michigan Osteopathic Association (MOA). The company has a long history of political advocacy. "Working closely with MSMS and MOA, we successfully lobbied for strong tort reform in the early 1990's. As a result of these efforts, Michigan has one of the best tort reform histories in the nation behind California's MICRA reform," said Clinton.

American Physicians, a member of the AP Capital Group, is fiscally sound and maintains a financial rating of A- (Excellent) by *A.M. Best* and A- by *Standard & Poor's*.

For information on how American Physicians can serve you, please contact their Customer Assistance Center at (800) 748-0465 and ask for a referral to an authorized insurance agent. You can also visit the company's website at www.apassurance.com. [See Liability Coverage article Page 1].

McKesson

McKesson is JPA's preferred Medical Supply Provider. Now through June 30, McKesson is offering exam tables at a special price. Call Mike Stock at 800-877-1919 ext. 3273 and have him explain how your office can buy a new exam table while receiving a tax credit **AND** a tax deduction.

Changes at your office?

Please let JPA know of any changes at your office. These may include new telephone and/or fax numbers or physician additions/retirements or a new practice manager. **Call us @ (517) 817-2140**

HIPAA Compliance...(con't)

(Continued from page 1)

responded to the survey, 70% were providers (with 25% of those providers being small to medium-sized physician practices). The remaining respondents represented payers (20%), clearinghouses (2%), and vendors (8%).

Highlights of the Survey Results include:

- Despite the April 14, 2003 Privacy compliance deadline, [only 9% of Providers and 5% of Payers have actually completed Privacy remediation, up only slightly from the 5% in each industry segment reported in the Fall 2002 survey]. An additional 75% of all Providers expect to be Privacy compliant by the HHS' April 2003 deadline. [Interestingly, 13% of small group providers have completed their Privacy Compliance.]
- Only 6% of Providers and 11% of Payers have actually completed TCS remediation efforts, despite the April 16, 2003 testing deadline. Forty-two percent of Providers have not even decided on their testing strategies.
- Nearly 60% of all respondents reported that they had completed a gap assessment identifying non-compliant areas. This is up from less than 50% in Fall 2002. The majority of those who had not finished planned to do so by April 2003.
- Across all industry segments, three major concerns were identified: (1) "understanding and interpreting the legal requirements" was identified as the most difficult aspect of complying with HIPAA; (2) a close second was "achieving successful integration of new policies and procedures," reflecting an awareness of the challenges of cultural changes; and,

(3) "resolving issues with third parties," indicating communication/tracking problems among trading partners.

- Additional concerns raised by Providers focused on a need for additional time, more guidance from HHS, and standard language or standardized sample forms from which to work.
- HIPAA awareness and education continue to be a major focus of compliance activity in all industry segments.
- Respondents to the survey are primarily focused on Privacy initiatives. The survey results show a shift from assessment and project planning to implementation and training. Security remediation efforts are progressing slowly.
- Nearly two-thirds of Providers (61%) indicated that Payers are only "somewhat" or "not at all" communicative when it comes to HIPAA compliance. On the other hand, over half of Providers responded that clearinghouses and other vendors are "moderately" or "very communicative." Based on the quality of communications with Payers, many Providers are skeptical that their trading partners will be ready to transmit HIPAA transactions by required deadlines.
- Survey results showed that 42% of respondents across the industry are currently using outside consultants to support HIPAA initiatives. The majority of consulting support is being used for awareness, assessment and project planning.

To participate in the Spring 2003 survey, go to www.hipaadvisory.com/action/surveynew

And Our Survey Says...

The JPA administrative team recently completed analyzing this year's Practice Needs and Assessment survey. We had a good response rate receiving 42 surveys back out of 68 distributed (a 62% response rate).

What we learned was:

- Practices are happy with the services provided by JPA.
 - * The HIPAA training and preferred vendor relationships were most noted for their value.
- There is interest in having JPA increase the number of preferred vendors. New areas to promote include:
 - * Office supplies/equipment;

- * Staff training packages; and
- * Billing and practice management
- Additional services needed include:
 - * Practice management consulting;
 - * Fee schedule analysis
 - * ICD 9 coding seminar
- 90% of the respondents regularly read the *JPA Examiner* and like the frequency in which it is published.
- Practices continue to grapple with reimbursement issues, compliance, particularly HIPAA, and increased costs (especially malpractice).

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Pharmacy

The BCN Formulary has changed for 2003. You can check the new Formulary by logging on to the ePocrates website: www.epocrates.com. The Custom Formulary should also be on BCN's website (www.bcbsm.com) at the beginning of April. BCN's Pharmacy and Therapeutics Committee is looking at Safety, Efficacy, and once-a-day dosing of drugs in all categories. Here are some of the changes:

Formulary

AdderallXR
Avelox
Benicar
Concerta
Lantus
Lexapro
Lumigan
Reminyl
Travatan

Non-Formulary

Amerge
Celebrex
Diovan, Diovan HCT
Glucovance
Lotensin, Lotensin HCT
Levaquin
Micardis, Micardis HCT
Noroxin
Paxil
Tequin
Univasc, Uniretic
Xalatan
Zyrtec, Zyrtec-D

Alere

BCN is partnering with Alere-Net to help reduce hospital stays for members with CHF (congested heart failure). Over the last year there has been a 90% reduction in the number of heart failure hospitalizations. This has been accomplished by weighing the member and asking questions, chosen by the PCP, that would indicate the member's symptoms are worsening. The PCP must refer the member into the program (a one page form), and the member must be able to stand without assistance for one minute. If you would like more information about the Alere Program, please call Cheryl at JPA 817-2140.

JPA General Membership Meeting

*April showers bring May flowers and 2001
Outpatient Radiology Incentive checks!!!*

Plan on attending the JPA Annual General Membership meeting on Monday, April 28th at 6:00 PM in the Auditorium of Foote Hospital.