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Business Leaders, Hospital Executives and Physicians Applaud State Healthcare Legislation That Provides Important New Protections for Consumers

Legislation Holds Health Insurers to New Levels of Accountability

WHITE PLAINS, NY (August 4, 2009) --- Business leaders, hospital executives and physicians gathered here today to applaud healthcare legislation that provides important new protections for consumers while holding health insurers to new levels of accountability.

The landmark legislation, which Gov. David Paterson signed into law last week, protects consumers from being hit with unexpected healthcare fees, helps patients return home sooner, and forces health insurers to issue refunds or credits to businesses and policy holders when the insurer doesn't meet minimum expenditure percentages of premium dollars spent on healthcare services.

Speaking at a news conference held at the headquarters of the Westchester County Association (WCA), Al DelBello, Chair of the WCA, said the legislation, which has been five years in the making, was the result of the advocacy efforts of the WCA and its partners in the Suburban Healthcare Alliance. In 2004, the WCA established the Blue Ribbon Task Force to help businesses understand the complexities of healthcare and begin to advocate for healthcare reform.

"While there has been incremental but substantive reform each year since the Blue Ribbon Task Force started," DelBello noted, "this year's results show clear advantages for all stakeholders, which is the result of strong collaboration on the part of the business community and the healthcare providers throughout our region."

William Mooney, President of the Westchester County Association, said, "This is a very important step toward a better economic environment for one of our most important economic engines, the healthcare sector. In addition to healthcare providers, the legislation also helps to protect businesses and consumers throughout our state."

Provisions of the new legislation include:

- Prohibiting insurers from treating an in-network provider as out-of-network simply because the referring provider was out-of-network;
- Extending current protections for consumers in HMOs to consumers in HMO look-alike plans, health plans that operate the same as HMOs but are not licensed as HMOs, such as exclusive provider organizations or EPOs;
- Reducing the prompt-pay timeframe from 45 days to 30 days for electronically submitted claims so doctors and hospitals are paid more quickly;
- Reducing the time insurers have to review requests for post-hospital home health care;
- Extending providers a right to request an external appeal of a concurrent denial;
- Extending protections to doctors and hospitals when health insurers seek to recover alleged overpayments. The protections include basic notice and an opportunity to challenge the insurers' overpayment recovery efforts.
- Limiting health insurers' and HMOs' ability to deny or delay payment of claims by sending a coordination of benefits questionnaire;
- Permitting participating health care providers to request reconsideration of a claim that is denied as untimely and limiting penalties for untimely claims;
- Requiring insurers and HMOs to give participating providers notice of adverse reimbursement changes to provider contracts and giving providers an opportunity to cancel the contract;
- Requiring insurers and HMOs who fail to meet a loss-ratio requirement to make efforts to locate and pay dividends or credits to former policy holders;
- Permitting newly licensed providers and providers moving to New York to be provisionally credentialed until the final determination is made; and
- Establishing a new external appeal standard for rare disease treatments.

"Regardless of the poor business practices of insurers, or the tough economy, the Hospitals remain committed to providing the best care for patients, so that the patient becomes healthy again and goes back home as soon as possible. Unfortunately, the insurers often get in the way, sitting on a request for home or transitional care, holding the patient in limbo, wondering 'when will I get to go home?," said John Federspiel, President of Hudson Valley Hospital Center in Cortlandt Manor, NY, and Chair of the NorMet Hospital Association.

Knowing that the hospital won't discharge a patient unless the right care and a safe environment are available to them outside of the hospital, the insurers take advantage of the system and don't pay for hospital care while the patient and hospital wait for the insurer to approve transitional care, Federspiel explained. He said the new law forces insurers to decide the patient's next step more quickly, and makes them pay for the transitional care as well.

There is significant benefit in the new legislation to the businesses that purchase healthcare insurance. The bill signed by the Governor requires insurers who fail to pay a specific portion of premium dollars for actual healthcare expenditures (Medical Loss Ratio) to either issue refunds to policy holders or subscribers who had a policy at *any point* during the contract period, or with approval of the Superintendent of Insurance, issue credits toward the current premiums.

Robert Roth, Senior Associate, John Meyer Consulting, PC, and a WCA member noted that, "The WCA was successful in helping to get a \$50 million Oxford settlement to small businesses like mine as a result of their overcharging of premiums relative to medical expenses they paid out. Having this legal process in place will only serve to stabilize premiums paid by business."

According to Neil Abitabilo, President of Northern Metropolitan Hospital Association (NorMet), health insurance companies have for years stalled making payments to hospitals and physicians so that the insurer earns interest accumulating to millions of dollars, while suffocating smaller physician practices and financially fragile hospitals. Insurers also take money back from hospitals as long as six years after they were paid. "In no other business can you automatically take your money back six years after you paid for a product or service," Abitabilo said. "Now, because of this law, the insurers have only two years to take the money back... still longer than other businesses, but far more reasonable."

Abitabilo said that the new law could not have come at a better time. "While hospitals struggle in this economic environment to make every dollar received translate into more human lives saved and quality of life improved, laws that make the health insurance companies stop delaying their payments to physicians and hospitals are of huge value."

The physicians of the Westchester County Medical Society noted that the reforms included in this legislation will help level the playing field between healthcare providers and the insurance carriers. Dr. Andrew Kleinman, past-President of the Westchester County Medical Society stated, "On behalf of our physicians and patients, we would like to thank the Governor and legislators for signing this legislation. We are particularly grateful to the role that the Westchester County Association played in tirelessly advocating for these reforms. This partnership of the business community and healthcare providers is important for ensuring that access to quality healthcare remains a hallmark of our region."

Assemblyman Adam Bradley, one of the prime movers of this legislation, said the hard work of the WCA's Blue Ribbon Task Force made a huge difference in the ability of the Legislature to understand that health insurance reform was needed to protect patients, doctors, hospitals *and* businesses. "When business leaders started supporting the needs of physicians, patients and hospitals in dealing with health insurance companies, elected officials sat up and listened," he said. "Our collective work so far has made a terrible situation with insurers just a little less worse. But now patients should have at least a little easier time getting the care they need at the time they need it, and then the doctors and hospitals should finally get paid a little bit faster for the care that the insurers agreed was the correct care to provide," Bradley added.

President Mooney said that the WCA's work on healthcare reform is far from over. "The WCA remains convinced that the health insurers, left unchecked, operate within a business model that puts dividends and profits ahead of patient care to the detriment of patients, physicians and hospitals and their own customers, the businesses who pay the premiums. Insurers should understand that we will continue to watch them and to fight for laws that make sure their business practices that do not weaken the economic infrastructure of our county or state."

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