

2009-2010 Lee Physician Hospital Organization Report

Presented to:

Operating Committee

Contracting Subcommittee

Credentialing Subcommittee

April 27, 2011

OVERVIEW

This report contains information on the contracts held by the Lee PHO, the physician membership of the Lee PHO, national trends in health insurance enrollment and premium levels, and local market factors.

Lee Physician Hospital Organization 2009-2010 Activity	Pages 3-4
Overview of National Trends in Premiums and Enrollment	Page 5
Local Market Information	Page 6
Future Considerations	Page 6
Attachment A	
List of Lee PHO Contracts	Page 7
Selected Local Employer Information	Page 7
Attachment B	
Lee PHO Membership Growth	Page 8
Specialty Specific Membership Change	Pages 9-10
Attachment C	
Lee County Medicare Advantage Enrollment	Page 11

LEE PHYSICIAN HOSPITAL ORGANIZATION 2009-2010 ACTIVITY

Background

The Lee PHO was formed in 1993 as a sub-agency of LMHS and entered into its first payor contract in 1994. The Lee PHO operates as a messenger model and is governed by a fifteen member Operating Committee comprised of independent elected physicians and hospital appointees. The Lee PHO provides a network of over 960 contracted physicians along with all LMHS facilities and serves as the local network for the Lee Employee Health Plan which is the LMHS self-funded health insurance program.

The Lee PHO was re-purposed during 2005-2006 to reflect its emphasis on the local business market and to establish greater clarity on the types of contracts it would undertake. Existing contracts held by the Lee PHO were kept intact following the re-purposing. Since then, two agreements, Great West and Self-Insured Plans, are no longer Lee PHO contracts.

Volume

In order to estimate both professional and facility volumes related to the Lee PHO agreements, data on the Lee PHO commercial contracts was obtained from the LMHS facilities for the periods October 1, 2008 through September 30, 2009 and for October 1, 2009 through September 30, 2010.

As a percentage of the managed care portfolio for LMHS facilities, the Lee PHO accounted for:

<u>2008-2009</u>	<u>2009-2010</u>
25.9% (31,936) of cases	29.75% (37,430) of cases
12.27% (\$95,791,036) of charges	13.98% (\$102,626,086) of charges
13.96% (\$54,164,334) of payments	14.64% (\$55,921,646) of payments

This number of cases is most comparable to the volume of the Blue Cross PPO contract for 2009-2010 (35,186 cases).

Excluding the Lee Employee Plan, the Lee PHO accounts for:

<u>2008-2009</u>	<u>2009-2010</u>
6.36% (6,205) of cases	6.08% (5,720) of cases
5.04% (\$36,371,626) of charges	4.68% (\$30,973,029) of charges
6.83% (\$24,454,629) of payments	5.81% (\$20,095,117) of payments

This number of cases is most comparable to the volume of the Cigna/Great West contract for 2009-2010 (6,324 cases).

Contracts

The Lee PHO established one new contract during 2009-2010 with First Service Administrators who serves the following organizations:

- Charlotte County Sheriff's Office
- Collier County Sheriff's Office
- Collier County School District
- Naples Community Health System

The contract to serve as the local network for the Lee County Sheriff's Office (LCSO) was extended through the end of 2010 and as of January 1, 2011, LCSO is using the Cigna network.

A new offer was transmitted to the membership in 2010 for the Lee Employee Health Plan that updated the Medicare fee schedule base year from 2002 to 2009. Less than one percent of the Lee PHO membership elected not to participate under the new terms.

Attachment A provides a list of Lee PHO contracts that are currently in effect along with their payment terms and a list of the five largest local employers and their health insurance arrangement.

The Lee PHO continues to monitor the market to determine if there are opportunities for direct contracts with local organizations or administrators and there does seem to be a renewed interest by several local employers to look at alternatives for health coverage.

Membership

During 2009 and 2010, 147 new physician members joined the Lee PHO and 88 members exited, representing over a 6% net increase in physician members from 2008. Attachment B provides a report of Lee PHO membership growth beginning in 1994 and a breakdown of Lee PHO physicians by specialty.

Member Services

The Lee PHO offers the following services to its members:

- Credentialing of new physicians;
- Provision of monthly updates to the managed care plans with physician additions, terminations, or changes that occur each month to ensure accurate payment processing;
- Assistance with claims resolution for physician offices;
- Continuous maintenance of the Lee PHO website, www.leeppo.org. This website is used by patients, employers and third party administrators as their primary source of information on network providers. The website offers the capability of searching interactively by physician name, location, and specialty. It also offers printable directories and a list of managed care plans contracted with the Lee PHO along with updated managed care plan information;
- Provision of updates as required to physician office managers with any pertinent information regarding the Lee PHO and the managed care plans under contract;
- Annual data audits to ensure the accuracy of the website information and directories;
and
- Provision of data files to the managed care plans to ensure data accuracy.

OVERVIEW OF NATIONAL TRENDS IN PREMIUM AND ENROLLMENT

The enrollment and premium prices in employer-sponsored health insurance and the shift of both Medicare and Medicaid enrollees to the private market are trends that are worth watching at a national level. This section provides the most recently available data for these areas of interest.

Employer Sponsored Health Insurance

- Employers are the principal source of health insurance in the United States, providing health benefits for about 157 million non-elderly people. (*Source: Kaiser Family Foundation (KFF), Employer Health Benefits (EHB) 2010*)
- The percentage of firms offering health benefits in 2010 increased significantly to 69%, up from 60% in 2009, and is driven by a 13 percentage point jump in the percentage of firms with 3 to 9 employees offering coverage. (*Source: KFF, EHB 2010*)
- The average premiums in 2010 are \$5,049 for single coverage and \$13,770 for family coverage. Compared to 2009, premiums for single coverage are 5% higher (\$4,824) and premiums for family coverage are 3% higher (\$13,375). (*Source: KFF, EHB 2010*)
- From 2000 to 2010, premiums for family coverage have increased by 114% and the amount workers contribute increased by 147%. (*Source: KFF, EHB 2010*)
- The average percentage of premiums paid by workers increased in 2010. This is a notable change from the steady share workers have paid on average over the last decade. (19% for single coverage, up from 17% in 2009; 30% for family coverage, up from 27% in 2009). (*Source: KFF, EHB 2010*)

Medicare/Medicaid Shift to Private Markets

- In 2010, 11.1 million (24%) beneficiaries are enrolled in a Medicare Advantage plan and has more than doubled since 2005. (*KFF 2010*)
- According to MedPAC, payments to Medicare Advantage plans per enrollee averaged 109% of fee-for-service costs in 2010 (down from 113% in 2008). (*KFF 2010*)
- As of June 30, 2009, 71.73% of Medicaid beneficiaries were enrolled in a Medicaid Managed Care Plan compared to 55.76% in 2000. (*CMS*)

LOCAL MARKET INFORMATION

Changing Patient Mix and Reimbursement—If the patient mix for the community is similar to that of the LMHS acute care facilities, the data shows that 3 out of every 4 patients do not cover the actual costs of their care. Only 23% of LMHS acute care patients now have insurance, down from 35% a short 4 years ago (35% - 30% - 27% - 23%). This trend is of concern because of the huge level of cost shifting it creates in the community.

Lee County Medicare Market—There are approximately 126,000 Medicare eligible members living in Lee County. As of January 2011 there are 28,660 of those members enrolled in a Medicare Advantage (MA) plan. (See Attachment C). United Healthcare has the largest membership with 16,899 MA enrollees followed by Humana with 3,823 MA members and Blue Cross with 2,146 MA members.

Lee County Medicaid Market—There are approximately 80,000 Medicaid recipients in Lee County. The latest data from AHCA indicate there are 42,873 Lee County Medicaid recipients (53% of total) enrolled in a Medicaid managed care plan. Prestige Health Plan has the largest membership with 28,200 members followed by Well Care Health Plan with 14,560 members.

Lee County Commercial Market—It is estimated that there are approximately 250,000 commercially covered members in Lee County. Of the commercial population, BCBS insures 50% of the market, United Healthcare 19%, Aetna 16% and all other 15%.

FUTURE CONSIDERATIONS

The Lee PHO has been an effective model in its scope of contracting. Given the limited number of insurance options in the market coupled with local interest in cost controls, there may be opportunities for additional direct contracting. This is consistent with what other markets across the country are experiencing as financial pressure on businesses and municipalities creates a desire to seek greater cost controls in the delivery of health care. All local opportunities should be thoroughly evaluated to determine the benefit to the Lee PHO and the local employer/administrator.

Attachment A

Grandfathered Contracts					
Contracted Plan	Effective Date	Reimbursement	Claims Payment Timeframe	Logo Required	Timely Filing Requirement
Beech Street	11/1/1997	85% BC	30 Days RCC	Yes	60 Days
IHG - Accountable	5/1/1994	85% BC	45 Days RCC	Yes	N/A
Wellcare - Medicaid	5/1/1997	100% Medicaid	30 Days RCC	No	60 Days
Wellcare - Healthy Kids	2/1/2002	110% Medicare	30 Days RCC	No	60 Days
Multiplan	4/1/1994	85% BC	45 Days RCC	N/A	90 Days
AVMED	8/1/2001	120% Medicare	35 Days RCC	Yes	120 Days
Choice Medical Management	3/15/1998	100% WC	45 Days RCC	N/A	FL Statute
FOCUS	10/1/1997	100% WC	N/A	N/A	FL Statute
Heritage Summitt	8/1/1999	100% WC	45 Days RCC	N/A	FL Statute
Marriott International	4/1/2001	100% WC	30 Days RCC	N/A	FL Statute
Metracomp	5/1/1999	100% WC	45 Days RCC	N/A	FL Statute

Contracts Meeting New Criteria					
Contracted Plan	Effective Date	Reimbursement	Claims Payment Timeframe	Logo Required	Timely Filing Requirement
LMHS Health Plan	1/1/1995	115% 09 Medicare	30 Days	No	90 Days
SIBA - MAPMC	12/1/2004	140% 08 Medicare	35 Days	Yes	35 Days
FSA	8/1/2009	140% 09 Medicare	30 Days	No	N/A

Large Employer Health Coverage

Lee County Government (LCG)

Covered Subscribers: 4,000
 Covered Members: 9,000
 Carrier: Aetna, Self-Funded

Lee County School Board

Covered Subscribers: 8,900
 Covered Members: 11,400
 Carrier: Blue Cross Blue Shield, Self-Funded

Lee Memorial Health System

Covered Subscribers: 6,300
 Covered Members: 14,000
 Carrier: Self-funded through Lee PHO/Web TPA

City of Fort Myers

Covered Subscribers: 890
 Covered Members: 1800
 Carrier: Blue Cross Blue Shield, Fully Insured

Lee County Sheriff's Office

Covered Subscribers: 1585
 Covered Members: 4000
 Carrier: Cigna, Self Funded

City of Cape Coral

Covered Subscribers: 1400
 Covered Members: 2200
 Carrier: Blue Cross Blue Shield, Fully Insured

Attachment B

LEE PHO MEMBERSHIP GROWTH 1994-2010

Year	1-Jan Members	New Members	Exiting Members	31-Dec Members	Net Change	% Change
1994	400	50	10	440	40	10%
1995	440	57	13	484	44	10%
1996	484	36	9	511	27	6%
1997	511	80	16	575	64	13%
1998	575	56	26	605	30	5%
1999	605	67	48	624	19	3%
2000	624	41	39	626	2	0%
2001	626	44	34	636	10	2%
2002	636	47	41	642	6	1%
2003	642	75	32	685	43	7%
2004	685	54	33	706	21	3%
2005	706	74	50	730	24	3%
2006	730	77	29	778	48	7%
2007	778	126	34	870	92	12%
2008	870	76	44	902	32	4%
2009	902	67	47	922	20	2%
2010	922	80	41	961	39	4%

222 physicians have been active in the Lee PHO since its inception on 1/1/1994.

Attachment B

SPECIALTY SPECIFIC MEMBERSHIP CHANGE

<i>SPECIALTY</i>	<i>12/31/2008</i>	<i>12/31/2009</i>	<i>12/31/2010</i>	<i>CHANGE 2008-2010</i>	<i>% CHANGE 2008-2010</i>
ALLERGY & ASTHMA	5	5	5	0	0.00%
ANESTHESIOLOGY	27	25	25	-2	-7.41%
CARDIOLOGY	37	41	43	6	16.22%
COLORECTAL SURGERY	3	3	3	0	0.00%
CRITICAL CARE MEDICINE	2	2	2	0	0.00%
DERMATOLOGY	9	13	14	5	55.56%
DIAGNOSTIC RADIOLOGY	45	40	45	0	0.00%
EMERGENCY MEDICINE	44	46	46	2	4.55%
ENDOCRINOLOGY	4	3	4	0	0.00%
FACIAL PLASTIC & RECON SURGERY	1	1	1	0	0.00%
FAMILY MEDICINE	83	81	80	-3	-3.61%
GASTROENTEROLOGY	29	27	26	-3	-10.34%
GENERAL MEDICINE	17	14	14	-3	-17.65%
GENERAL SURGERY	19	18	19	0	0.00%
GERIATRICS	1	1	1	0	0.00%
GYNECOLOGIC ONCOLOGY	4	4	4	0	0.00%
GYNECOLOGY	3	3	3	0	0.00%
HOSPICE & PALLIATIVE MEDICINE			1	1	
HOSPITALIST	23	35	42	19	82.61%
HYPERBARIC MEDICINE	2	3	3	1	50.00%
INFECTIOUS DISEASE	11	12	12	1	9.09%
INTERNAL MEDICINE	84	84	86	2	2.38%
MATERNAL FETAL MEDICINE	5	5	5	0	0.00%
NEONATOLOGY	7	7	7	0	0.00%
NEPHROLOGY	2	2	2	0	0.00%
NEUROINTERVENTIONAL RADIOLOGY		1	1	1	
NEUROLOGY	16	16	18	2	12.50%
NEUROPSYCHOLOGY	1	1	2	1	100.00%
NEUROSURGERY	12	12	12	0	0.00%
OBSTETRICS & GYNECOLOGY	40	41	41	1	2.50%
OCULAR REHABILITATION	1	1	1	0	0.00%
ONCOLOGICAL SURGERY	1	1	1	0	0.00%
ONCOLOGY/HEMATOLOGY	15	14	16	1	6.67%
OPHTHALMOLOGY	33	32	34	1	3.03%
OPHTHALMOLOGY /GLAUCOMA	2	2	2	0	0.00%
ORAL & MAXILLOFACIAL SURGERY	7	7	8	1	14.29%
ORTHOPEDIC SURGERY	34	34	34	0	0.00%
OTOLARYNGOLOGY (ENT)	14	13	14	0	0.00%
PAIN MANAGEMENT	9	9	10	1	11.11%
PATHOLOGY	10	10	9	-1	-10.00%

<u>SPECIALTY</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>CHANGE 2008-2010</u>	<u>% CHANGE 2008-2010</u>
PEDIATRIC CARDIOLOGY	2	2	2	0	0.00%
PEDIATRIC ENDOCRINOLOGY	1	1	2	1	100.00%
PEDIATRIC GASTROENTEROLOGY	2	2	1	-1	-50.00%
PEDIATRIC HEMA/ONCOLOGY	3	3	3	0	0.00%
PEDIATRIC HOSPITALIST	4	5	6	2	50.00%
PEDIATRIC INFECTIOUS DISEASES	2	1	2	0	0.00%
PEDIATRIC INTENSIVE CARE	3	4	5	2	66.67%
PEDIATRIC NEPHROLOGY		1	1	1	
PEDIATRIC NEUROLOGY	3	3	4	1	33.33%
PEDIATRIC OPHTHALMOLOGY	1	1	1	0	0.00%
PEDIATRIC ORTHOPEDICS	2	3	3	1	50.00%
PEDIATRIC OTOLARYNGOLOGY	1	1	1	0	0.00%
PEDIATRIC PSYCHIATRY		1	1	1	
PEDIATRIC PULMONOLOGY	3	3	3	0	0.00%
PEDIATRIC SURGERY	3	3	3	0	0.00%
PEDIATRICS	51	51	52	1	1.96%
PHYSICAL MEDICINE AND REHAB	13	13	11	-2	-15.38%
PLASTIC SURGERY	11	12	12	1	9.09%
PODIATRY	36	39	38	2	5.56%
PSYCHIATRY	7	6	8	1	14.29%
PSYCHOLOGY	22	24	24	2	9.09%
PULMONARY MEDICINE	16	19	21	5	31.25%
RADIATION ONCOLOGY	10	11	11	1	10.00%
REPRODUCTIVE ENDO/INFERTILITY	1	1	2	1	100.00%
RHEUMATOLOGY	4	4	4	0	0.00%
SLEEP MEDICINE	1	1	1	0	0.00%
TRAUMA SURGERY	4	4	5	1	25.00%
UROLOGIC ONCOLOGY	1	1	1	0	0.00%
UROLOGY	19	19	22	3	15.79%
VASCULAR NEUROLOGY			1	1	
VASCULAR SURGERY	9	9	9	0	0.00%
VITREORETINAL SURGERY	5	5	5	0	0.00%
Grand Total	902	922	961	59	6.54%

Attachment C

Lee County Medicare Advantage Enrollment January 2011		
Organization Name	Plan Type	Enrolled
AETNA HEALTH INC.	HMO/HMOPOS	87
AETNA LIFE INSURANCE COMPANY	Local PPO	970
ANTHEM INSURANCE COMPANIES, INC.	PFFS	64
ANTHEM INSURANCE COMPANIES, INC.	Regional PPO	13
BLUE CROSS AND BLUE SHIELD OF FL, INC.	Regional PPO	1542
BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.	Local PPO	604
BLUE CROSS BLUE SHIELD OF MICHIGAN	Local PPO	659
CAREPLUS HEALTH PLANS, INC.	HMO/HMOPOS	20
COMMUNITY INSURANCE COMPANY	Local PPO	18
COVENTRY SUMMIT HEALTH PLAN, INC.	HMO/HMOPOS	15
FREEDOM HEALTH PLAN, INC.	HMO/HMOPOS	2522
HEALTHNOW NEW YORK INC.	Local PPO	25
HIGHMARK, INC.	Local PPO	31
HOPE HOSPICE AND COMMUNITY SERVICES, INC.	National PACE	110
HUMANA ADVANTAGECARE PLAN, INC.	HMO/HMOPOS	1474
HUMANA HEALTH INSURANCE COMPANY OF FL, INC.	Local PPO	17
HUMANA INSURANCE COMPANY	PFFS	44
HUMANA INSURANCE COMPANY	Regional PPO	2266
HUMANA MEDICAL PLAN, INC	HMO/HMOPOS	22
MVP HEALTH PLAN, INC.	Local PPO	228
QUALITY HEALTH PLANS, INC.	HMO/HMOPOS	208
ROCKY MOUNTAIN HOSPITAL AND MEDICAL SERVICES, INC.	Local PPO	29
UNITED MINE WORKERS OF AMERICA HEALTH & RETIREMENT	HCPP - 1833 Cost	29
UNITEDHEALTHCARE INSURANCE COMPANY	Local PPO	319
UNITEDHEALTHCARE INSURANCE COMPANY	Local PPO	266
UNITEDHEALTHCARE INSURANCE COMPANY	Regional PPO	13893
UNITEDHEALTHCARE OF FLORIDA, INC.	HMO/HMOPOS	2421
UNIVERSAL HEALTH CARE, INC.	HMO/HMOPOS	606
UNIVERSAL HEALTH CARE, INC.	Local PPO	164
		28666