

**Sticker Shock? Not. Obamacare's Proposed 2015 Rates.**

Dire warnings by Obamacare opponents of dramatically higher insurance premium prices in 2015 are not being borne out nationally, according to new data showing proposed prices are rising moderately, on average, nationally. According to a report on CNBC.com on Friday, October 2, 2014, while the single-digit average price increases, coupled with a rise in the number of insurers selling Obamacare plans for next year, suggest enrollment could remain fairly strong in the new form of insurance in the short term, questions remain about relative price stability over the long term. "I think it's probably coming as a relief to many that we're not seeing double-digit rate increases," said Ceci Connolly, managing director of Price Waterhouse Consulting's Health Research Institute. "I think that the worries about excessively high costs and prices have not materialized." Still, consumers need to be cautious when shopping for a plan. While the average proposed price increase is moderate, there's "wide variation" in the percentage increases sought by individual insurers, Connolly said. "There are some very high ones."



**The Cost of Cancer Drugs**

"Cancer is so pervasive that it touches virtually every family in this country. More than one out of three Americans will be diagnosed with some form of it in their lifetime," asserted correspondent Lesley Stahl on the CBS TV program "60 Minutes" on October 5, 2014. "And as anyone who's been

through it knows, the shock and anxiety of the diagnosis is followed by a second jolt: the high price of cancer drugs," she continued. She interviewed Leonard Saltz, MD, chief of gastrointestinal oncology at Memorial Sloan Kettering, who stated, "We're in a situation where a cancer diagnosis is one of the leading causes of personal bankruptcy." Dr. Saltz's battle against the cost of cancer drugs started in 2012 when the FDA approved Zaltrap for treating advanced colon cancer. Saltz compared the clinical trial results of Zaltrap to those of another drug already on the market, Avastin. He says they target the same patient population and work essentially in the same way. And, when given as part of chemotherapy, both extend median survival by 1.4 months, or 42 days. "To me, it looked like a Coke and Pepsi sort of thing," Dr. Saltz said. Then discovered how much Zaltrap would cost: roughly \$11,000 per month, more than twice the price tag of Avastin.

**Stick with the "In-Network" Crowd**

"Waived Copays Concerns," reports that certain physicians can be at risk of insurance fraud. When a patient goes to a physician, they are more likely than not within the patient's insurance plan, making them "in-network." However, when it comes time to send a patient to the laboratory, the physician may send the patient to a lab that is not within the patient's insurance plan, making the lab "out-of-network."



When this occurs, the referring physicians are "subject...to certain liability." Physicians make an agreement with the payers to send patients to in-network labs, so when they refer patients to an out-of-network lab, "the physicians are in breach of...payer agreements."

Laboratories who waive co-payments, "undermine the insurance companies" and "...affect the amount the insurer would pay..." allowing the insurance companies to then "[reimburse] the provider..." leading to insurance fraud that the state of New York is looking to crack down on.

Professionals urge patients to be sure they're being referred to an in-network lab.

**IPA Board of Director Members**

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| John L. Franco, MD<br><i>President &amp; Medical Director</i> | Steven Parry, MD<br><i>Family Practice</i>  |
| Mohammed Azaz, MD<br><i>Family Practice</i>                   | John Muratori, MD<br><i>Family Practice</i> |
| Edward Lipinsky, MD<br><i>Otolaryngology</i>                  | Richard Schoor, MD<br><i>Urology</i>        |
| Robert Lazar, MD<br><i>Gastroenterology</i>                   | Michael Shanik, MD<br><i>Endocrinology</i>  |

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|---|--|
| Michael A. Guarino<br><i>Executive Director</i>               | Jo Ann Marino<br><i>Director of Clinical Integration/Physician Liaison</i> |
| John L. Franco, MD<br><i>President/Medical Director</i>       | Marissa Wolfe<br><i>Director of Acquisitions and Member Relations</i>      |
| Francis J. DiMotta<br><i>Chief Operations Officer</i>         | Eric P. Schein, RPA-C<br><i>Associate Clinical Coordinator</i>             |
| Joseph Lazar, JD<br><i>Senior Associate for Legal Affairs</i> |  |

**Quality Care Committee Members**

- |   |  |
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| Mohammed Azaz, MD<br><i>Family Practice</i>                   | Anthony Spadaro, MD<br><i>Pulmonology</i>  |
| Horia Vlase, MD<br><i>Nephrology</i>                          |  |

**IPA of Nassau/Suffolk Counties welcomes our new members:**

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|---|--|
| Rudrama Duggirala, MD<br><i>Family Medicine, Ozone Park</i> | Brenainn Flanagan, MD<br><i>Family Medicine, Bayport</i> |
| Michael Guo, MD<br><i>Neurology, Stony Brook</i>            | Martha Pilchman, MD<br><i>Family Medicine, Bayshore</i>  |

**Congratulations on your promotion**

The IPA Board of Directors approved and announced the promotion of Francis J. DiMotta to the position of Chief Operations Officer in July 2014. Frank held the prior position as Operations Administrator since he joined IPANS in May 2011. Frank holds a Masters Degree in Management and is a Certified HIPAA Compliance Officer (CHCO). Frank is responsible for the "back office", day to day operations of IPANS, is the IPA liaison with the insurance carriers and IPA membership. Frank has built solid relationships with the office administrators of each members practice and many of the member physicians.



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**To submit articles for consideration for future review, please send to Frank at ipasuffolkcounty@gmail.com**



*The Independent Physicians Association of Nassau/Suffolk Counties is "uniting" physicians to keep them independent, utilizing "clinical integration" while its members receive fair compensation.*

**PRESIDENT'S MESSAGE...**

**"If You Come to a Fork in the Road - Take It".....**  
-Yogi Berra



A famous quote from a revered New York Yankee often brings a laugh but if one dwells on it a deeper sense of direction resides therein.

Independent physician members of IPANS (The independent Physicians Association of Nassau/Suffolk) are at that fork. Our dedicated team has worked tirelessly and achieved excellent accomplishments over the past three years. We've reached a pivotal point in our growth. To continue our development into the powerhouse health provider system we are destined to become, we must take the next step toward clinical and financial integration. A network that will allow us to deliver services focused on quality, performance, efficiency, and value for our patients. An integrated network will also open the gates on the road to contract negotiations that will include enhancement, at-risk, and shared savings.

At our recent IPA members meeting, The Practice Management of America (PMA) was introduced. It is a management services organization (MSO) that will be majority owned and governed by PHYSICIANS. It will optimize both the clinical and financial status of the physicians it serves.



Think of it!  
Support to maintain clinical excellence along with contracting to secure financial solvency.  
We CAN control our destiny by taking the "fork in the road".....

*Francis*  
John L. Franco, MD  
President

**Hospitals Acquire Stake in Beacon Health Partners**

As reported in *Crain's Health Pulse* on October 2, 2014, an investment group of hospitals has acquired a 50 percent stake in Beacon Health Partners, an independent physician association based in Westbury, in Nassau County. Catholic Health Services and St. John's Episcopal Hospital agreed yesterday to buy half of Beacon, which has 400 doctors. Beacon participates in the Medicare Shared Savings program as an accountable care organization (ACO). The deal will combine Beacon's ACO with Rockville Centre-based Catholic Health Services' physician-hospital organization, bringing the total number of physicians in the network to 1,100. The network includes physicians in Queens and in Nassau and Suffolk Counties. Beacon estimates it will have 250,000 patients within two years, up from its current level of 60,000, said Dr. Simon Prince, Beacon's president and chief executive. Dr. Prince said the deal will double or triple Beacon's budget over its 2011 level. He declined to comment on the price paid to acquire the stake.

## In the News...

### Winthrop-University's Outlook Revised Downward

Fitch Ratings affirmed its BBB+ rating on Winthrop-University Hospital bonds, but revised the hospital's outlook to "negative" from "stable," it was reported in *Business Wire* on September 23. The ratings agency cited the Mineola hospital's weaker operating performance over the past 18 months, coupled with \$60 million in additional debt since Fitch's last rating action. At the end of 2012, the hospital had a 1.2 percent operating margin and a 5.3 percent operating EBITDA margin, compared with an operating margin below 1% and operating EBITDA (earnings before interest, taxes, depreciation, and amortization) below 5 percent currently. Winthrop-University is holding onto its 16 percent inpatient market share, but inpatient volume is falling. The hospital issued \$60 million in debt to fund the build out of a research center, an information technology upgrade, and to supplant equity WUH had planned to contribute to the research center before operations weakened, said Fitch. The hospital's performance should strengthen over the next three years, as revenue-producing initiatives come on line, such as a Cyberknife location in Manhattan.



### Participation in CMS's Pilot Program for ACOs Is Thinning

Three more Pioneer accountable care organizations have resigned from the federal shared savings model's third year, bringing to 13 the number of defections from the original 32, the Centers for Medicare & Medicaid

Services has acknowledged, according to Cheryl Clark, writing in *HealthLeaders Media* on September 26, 2014. The three now bowing out of the third year of the three-year program are Genesys Physician Health Organization, based in Southeastern Michigan; Franciscan Alliance of Indianapolis and Central Indiana; and Renaissance Health Network of Southeastern Pennsylvania. A fourth Pioneer ACO, Sharp Healthcare System, announced last month it had dropped out.

Michael James, Genesys president, listed three reasons why his ACO, with 15,000 lives, could no longer participate. For starters, he said, CMS changed the rules after they signed the contract. This they are entitled to do, but it meant quality and spending would be compared with the nation as a whole rather than the underserved, high-poverty area served by Genesys. "CMS was not sensitive to the social, and economic differences between our area [Flint, MI] and the rest of the country when they designed this program," James said. Genesys lost \$2.4 million each year it was in the program.

### Lawsuit: Officials Keeping Obamacare Rates Secret

The man who used to be in charge of implementing Obamacare has launched a lawsuit seeking to solve a big secret of its upcoming open-enrollment period: what insurers propose to charge customers in premiums next year. As reported on CNBC.com on October 1, 2014, the suit charges that the Department of Health and Human Services is violating the Affordable Care Act by not yet revealing those proposed rates, despite the fact that 2015 plans go on sale November 15 on government-run exchanges, including the federally run HealthCare.gov. The action was filed Tuesday in federal court in Missouri by Washington, D.C., attorney Jay Angoff, who in 2010 was head of the HHS Office of Consumer Information and Insurance Oversight – the office responsible for implementing the ACA. Angoff also served as a senior advisor to former HHS Secretary Kathleen Sebelius. "We're not opponents of the ACA, we're supporters of the ACA," Angoff said of himself and his clients, the Consumers Council of Missouri, a public interest nonprofit group. "We're not haters of HHS, we're lovers of HHS. But this is tough love."



## Annual Members' Meeting - September 30th, 2014

The Independent Physicians Association of Nassau/Suffolk Counties has made great strides since its founding in 2011, according to Executive Director Michael A. Guarino, speaking to a gathering of over 130, including 80 physicians, staff and friends at the annual meeting at the Watermill Banquet Hall on Tuesday evening, September 30. A physician-led, nonprofit organization, IPANS is nearly 400 members strong, and it is fulfilling its mission of helping physicians maintain their independence in today's complex and rapidly changing healthcare environment.



In the first half of the meeting, Mr. Guarino, IPANS Medical Director John L. Franco, MD, and representatives of partner organizations spoke about achievements in 2013 and goals and areas where improvement is needed going forward. The big news, though, delivered in the second half, is the formation of a healthcare management services organization (MSO), Practice Management of America (PMA). The rallying cry of this company, whose goal is to be majority physician owned (51 percent or more) and led, is: the right **C**are at the right **P**rice at the right **T**ime.

"I know this is a huge mountain to climb," said Mr. Guarino, likening it to the Camino de Santiago pilgrimage he walked over the Pyrenees this summer, "but it's where we want to go; it's what we need to undertake to stay relevant in this marketplace." PMA will offer services in three categories: *Management of IPAs' and its Members*, *Management of Patient Care Services and Management of Contract Services*. Many **Management services** are already being offered to IPA members; they will be expanded to include data migration and further clinical integration. **Patient Care services** will be derived from recruiting physicians and employing existing physicians as well as acquiring or starting facilities such as those providing urgent care, ambulatory surgery, or laboratory services. The income will be devoted to acquiring additional facilities.

The third category, **Contract services**, is where the potential for the highest financial reward lies, according to Mr. Guarino. With performance-based contracting, management will be able to process insurance claims as a third-party administrator, with the goal of having 50,000 at-risk lives by January 1, 2016.

"To stay relevant, to negotiate on your behalf rather than following the messenger model, we need to be clinically and financially integrated, and to achieve that, we need cash," said Mr. Guarino. The goal is to raise \$30 to \$50 million, and physician members of IPANS will be offered an opportunity to invest, using personal or pension funds. A credit line of up to \$200,000 may also be available through Suffolk County National Bank. Mr. Guarino promised that documents setting out the terms of the offering will be made available to physicians by November 1st; those documents will provide greater detail, including any risks. Small-group informational meetings will also be held.

"Three years ago, IPANS leadership discussed forming an MSO, but the membership wasn't ready," said Mr. Guarino. "With all the upheaval in healthcare, I think many of you are ready now."

### Annual Meeting Notes & Quotes

**Michael Guarino:** "Our goal is to have an agreement with Aetna by the end of 2014." He reported no progress with United as long as we must follow the messenger model.

**Adam Bernson, BCBS Regional Vice President:** He offered encouraging words to the membership: IPANS is being mentioned in high-level meetings. "Stay on the path of clinical integration, that is the key. Keep bending the cost curve, like you are doing."

**Scott Palde, Vice President, Cornerstone Brokerage,** reported the following:

- 40% of the IPA members submitted information to receive a "no obligation" quote,
- 9% of IPA members switched to MedPro RRG with savings of over \$540,000,
- 23% of IPA members have received competitive quote with savings of over \$720,000, but have not yet switched to MedPro RRG.

## Medical Directors' Update

John L. Franco, MD, Medical Director reported on the status of the Blue Cross Blue Shield Shared Savings Contract, noting areas of improvement to be addressed including breast cancer screening and avoidable ER visits. He provided several handouts including:

1. Sample letter to be used instead of postcard educating and urging patients to schedule mammographies.
2. "After-hours" small poster to be placed in physicians' offices educating patients as to the ER alternative (Urgent Care Center).

**Call your physician first.**

## Here's to a New Tomorrow: United States Life Expectancy Rises

Larry Copeland with USA Today reports that Americans are living longer with a 0.1 increase. The new expectancy is now at 78.8 years. Despite the rise, women continue to have an edge over men at 81.2 years whereas men have a 76.4-year expectancy. This 4.8 difference "is the same as 2011." In figuring out why women continue to hold a lead over men, the main author of the report, Jiaquan Xu believes it comes down to the fact that, "men usually take more risks, and...participate in risky outdoor activities."

While the life expectancy has increased, the death rate in the United States saw a 1.1% "record low" decrease from 2011 to 2012. Xu sees this decrease of evidence that "the U.S. population is improving." His speculation comes with teeth because deaths due to "heart disease and cancer, the two leading causes of death...have been falling since 1999."

## Facebook Plots First Steps into Healthcare

Facebook is plotting its first steps into the fertile field of healthcare, said three people familiar with the matter, Reuters reported on October 3, 2014. The company is exploring creating online "support communities" that would connect Facebook users suffering from various ailments. A small team is also considering new preventive care applications that would help people improve their lifestyles. One spur is the unexpected success of Facebook's "organ-donor status initiative," introduced in 2012. The day that Facebook altered profile pages to allow members to specify their organ donor-status, 13,054 people registered to be organ donors online in the United States. In addition, the increasing number of patient networks such as PatientsLikeMe demonstrates that people are increasingly comfortable sharing symptoms and treatment experiences online. Facebook's recent softening of its policy requiring users to go by their real names may also bolster the company's health plans. People with chronic conditions may prefer to use an alias when sharing their health experiences.



## Judge Rules Subsidies Limited to State-Established Exchanges under Affordable Care Act

As reported by the *New York Times* on September 30, 2014, in an article by Robert Pear, an Oklahoma federal district judge ruled on Tuesday that the federal government cannot subsidize health insurance in 36 states that have not established their own insurance exchanges, also known as insurance marketplaces. Judge Ronald A. White of the Federal District Court in Muskogee, OK, ruled that the Obama administration's decision to allow subsidies in states that relied upon the federally operated exchange exceeded the bounds of statutory authority, and was thus an improper reading of the Affordable Care Act. If the ruling is upheld, financial assistance could be cut off for more than 4.5 million people who were found eligible to receive subsidized insurance in the federal exchange.