

Med Mutual, docs haggle over reimbursements
Non-network hospital physicians' payments are reduced by up to 50%

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Medical Mutual of Ohio has cut its reimbursement rates to hospital-based physician groups that are not part of its network - an action that's causing some doctors to try to negotiate more favorable payment rates with the health insurer.

Medical Mutual this summer cut health care reimbursement rates for emergency department physicians, pathologists and radiologists who are not employed by the hospitals in which they work and who are not part of Medical Mutual's network, said Dr. James Sudimack, president of the Ohio State Medical Association.

Dr. Sudimack said reimbursements were reduced by 33% to 50%, depending on the injury, illness or treatment billed.

"They didn't let us know they were doing it ahead of time and they did it retroactively for a month," said Dr. Sudimack, who also is president of the medical staff and director of emergency medicine at Trumbull Memorial Hospital in Warren.

Dr. Sudimack said he's unsure of the total number of physicians affected by the change.

Cleveland-based Medical Mutual would not comment on its specific reimbursement rates. However, Kevin Lauterjung, vice president of health care finance and network management at Medical Mutual, said the insurer is just trying to remain competitive with other insurers by paying all physicians the same reimbursement rates - a practice he contends could reduce costs for the company's clients.

"We have leveled out the reimbursement . between the network physicians and the physicians who chose not to be part of our network," Mr. Lauterjung said.

Network news

In the past, physicians in Medical Mutual's network of health care providers accepted lower reimbursements in exchange for the insurance company steering more business their way through its managed care insurance packages, Mr. Lauterjung said. People pay less out of their own pockets if they seek health care from doctors within the Medical Mutual network, he said.

The physicians who chose not to be part of the network but still accepted its insurance were reimbursed the fees they charged, Mr. Lauterjung said. They were holdouts from the days of traditional health care plans, under which a patient could go to the doctor of his or her choice and the insurance company paid the fees charged.

However, that reimbursement method doesn't always work in hospital settings because patients don't have the ability to choose which doctor to see if they're in the emergency room or in the hospital for a scheduled procedure, Mr. Lauterjung said. Patients also are unaware that, even if they go to a hospital in Medical Mutual's network, all of the physicians there might not be in the network, he said.

"We need the hospital-based physicians who are working in our network hospitals to be in our network," Mr. Lauterjung said.

On the level

The trend of leveling out reimbursements for all doctors has gained momentum over the last two years with insurers nationwide, said Ron Matthews, senior vice president of TeamHealth, a company in Knoxville, Tenn., that staffs emergency rooms with doctors. The Team-Health Midwest unit in Middleburg Heights provides about 200 doctors for 24 Ohio hospitals, including all regional Cleveland Clinic hospitals, Southwest General Medical Center, St. John West Shore Hospital and St. Vincent Charity Hospital and its emergency center in Solon.

If doctors still opt out of a network, Mr. Matthews said, some insurers say they'll just reimburse patients for the medical services and the doctor then can try to collect the money from them, which can be hard to do.

Hospitals urge their independent doctors to be part of insurance company networks because it makes billing easier and helps the hospital avoid complaints from patients, Mr. Matthews said.

Sandy Loveland, manager of payor relations at the Ohio State Medical Association, said some hospitals across the state told independent physicians to sign Medical Mutual's agreement or leave their hospitals. However, she did not identify those hospitals.

Ms. Loveland said she isn't sure why insurance companies haven't leveled the playing field sooner.

"They have to try to have some uniformity," she said. "You can't have people being paid less amounts of money."

However, Ms. Loveland said she understands why doctors affected by Medical Mutual's decision to cut reimbursements are upset.

"They're going to get a lot less money unless an agreement is arranged" with the insurer, she said.

Talking it out

The medical association is urging the affected physician groups to negotiate with Medical Mutual to receive higher reimbursements. Medical Mutual's Mr. Lauterjung

would not comment on whether the insurer is willing to negotiate reimbursement rates, but he said the company is willing to listen.

Dr. Sudimack said his 10-physician group, which works with TeamHealth, is still negotiating with Medical Mutual. Mr. Matthews said TeamHealth negotiated a new rate in September.

"Renegotiation was a necessity," Mr. Matthews said. "The new rates were lower than what we felt was fair."

Indeed, Mr. Matthews said the cut in reimbursements "was the biggest readjustment we have ever seen" in TeamHealth's 20-year experience with Medical Mutual.