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3 Westchester hospitals, Empire Blue at odds over reimbursements

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Three Westchester hospitals and hundreds of doctors would leave the Empire Blue Cross Blue Shield network if negotiations for new reimbursement rates aren't successfully concluded by the end of the month, the hospitals said yesterday.

Representatives of Pinnacle Healthcare's hospital network - Hudson Valley Hospital Center in Cortlandt, Sound Shore Medical Center of Westchester in New Rochelle and Mount Vernon Hospital - said they were making little progress in the talks.

"We have a long history of working with them. Unfortunately, this negotiation has been very difficult. They've taken basically a take-it-or-leave-it approach," Helen Turchioe, Pinnacle's executive director, said at a press conference yesterday.

"We've been in negotiations all week, which isn't a take-it-or-leave-it activity," Empire spokesman Craig Andrews responded afterward. "We're negotiating, particularly in this economy, with an eye toward maintaining affordability of health care."

With 5 million members in New York state, Empire is the largest health-care insurer in the state. It was acquired by WellPoint Inc. of Indianapolis in 2005.

Pinnacle hospitals had 27,000 visits last year by Empire consumers, about the same as in 2007, Turchioe said.

Contract talks between Pinnacle and Empire went down to the wire at the end of 2006, when the last contract was set to expire. The two sides reached a deal and consumers were not shut out of services.

Empire sent letters to members dated May 31, in which it said it was "working diligently, and in good faith" to reach a deal with Pinnacle. The letter provided a list of other regional hospitals in Empire's network that members could use.

Hospital officials said Empire network doctors who held admitting privileges exclusively at the Pinnacle hospitals would be dropped from the network if a new contract can't be reached by the deadline. They have an appeals process, however, that would keep them in Empire for about eight weeks at a minimum.

Yesterday's hospital press conference was co-sponsored with the Westchester County Association, the region's business advocacy group, at 1133 Westchester Ave. in White Plains.

It was the opening salvo in a public campaign that will include ads to lay out the hospital's position.

The three hospitals lost a combined \$16 million last year, Turchioe said. She and others portrayed Empire as a profitable insurer whose practices were harming patient health care.

County Association President William M. Mooney Jr., a critic of health insurers, said that business health-insurance premiums have risen 119 percent in the past 10 years, while reimbursements to hospitals have gone up just 1 percent to 2 percent. WellPoint's earnings last year were \$2.3 billion, he said.

Premium increases are related to the overall cost of health care, which is rising, Andrews said. Empire's profit margin is in the low single digits, he added.

Linda Piccirilli, vice president of quality management at Hudson Valley Hospital, said Empire has denied about 30 percent of the hospital's initial admission requests, well above the denial range of 2 percent to 6 percent from other insurers, she said.

Empire overturned its denials 85 percent to 90 percent of the time, she added.

Andrews said the 30 percent figure "seems a little high." He said the initial denials in most cases are the result of the hospital failing to provide supporting data for the admission, an assertion that Piccirilli challenged.

The review process for reimbursement denials includes an outside panel, and can be reviewed by the state Insurance Department, Andrews said.

"It's never about getting in the way of someone's care, never," he said.