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Business and Hospital Groups Join with Pinnacle and Hospitals to Protest Empire's Payment Policies

Contract with Empire Set to Expire on June 30. Move Would Affect Thousands of Empire Members Who Use Hudson Valley Hospital Center, Mount Vernon Hospital and Sound Shore Medical Center.

PRLog (Press Release) – Jun 12, 2009 – WHITE PLAINS, NY – Pinnacle Healthcare Inc. has announced that its contracts with Empire Blue Cross Blue Shield are set to expire June 30, 2009. The move would affect thousands of Empire members who use Pinnacle hospitals which include Hudson Valley Hospital Center, The Mount Vernon Hospital and Sound Shore Medical Center of Westchester.

At a news conference held June 11 at the headquarters of The Westchester County Association in White Plains, Pinnacle and hospital officials said that negotiations are continuing with Empire but indicated that little progress has been made so far.

"The main issue is Empire's reimbursement rates to our hospitals, which are unreasonably low. In these tough economic times, our community hospitals can no longer accept Empire's payments that are far below what other insurers pay for the same high quality care," said Helen Turchioe, Pinnacle's Executive Director.

Ms. Turchioe was joined by William Mooney, President of The Westchester County Association; Neil Abitabile, President of the Northern Metropolitan Hospital Association (NorMet); John C. Federspiel, President and CEO of Hudson Valley Hospital and John Spicer, President and CEO of Sound Shore Medical Center.

"The business community shares the financial pain of the hospitals' plight. Each year employers are being hit with double-digit increases in their health insurance premiums. The hospitals are not being fairly reimbursed by the insurance companies and businesses keep paying higher premiums every year. Where is all this money going?

Into the pockets of the big insurance companies," said Mr. Mooney whose business organization has been a staunch advocate of healthcare reform.

"Empire is trying to create a cookie-cutter approach to healthcare as they step over our patients and our hospitals and claim themselves as the self-appointed stewards of the healthcare dollar. They are trying to push every state in the union into one box and create a healthcare system that works for them – not for the patient or those who provide the care," said Mr. Abitabile of NorMet. "Empire's 'no negotiate' approach to contract talks with hospitals in Westchester, as well as Long Island, is placing an incredible and unnecessary burden on patients, physicians and hospitals," he added.

Mr. Federspiel noted that Empire's parent company, Indiana-based WellPoint Inc., reported net income last year of \$2.5 billion while hospitals in New York State continue to suffer losses. "The financial health of our community hospitals, which are critical healthcare resources and major employers in this region, is dependent on adequate reimbursement and fair payment policies," he said noting that the Pinnacle hospitals employ over 4,600 people in Westchester County.

Pinnacle and hospital officials also voiced concern about significant changes Empire has proposed in the new contract that would reduce or eliminate payment for major patient care services.

"By financially punishing hospitals for treating patients in accordance with the medical judgment of their medical doctors, Empire wants to decide what's best for your healthcare. We believe that a physician – not an insurance company bureaucrat – should make decisions about a patient's medical care," Mr. Federspiel said.

Mr. Spicer said there has been dramatic rise in the number of policies instituted by insurance companies such as Empire that result in denial or reduction of payment to hospitals and doctors. "This is unfair, not just to providers, but also to the purchasers and consumers of healthcare coverage. We would like to see health plans notify employers and members about these kinds of policies in advance so that they can make

informed decisions about which companies they choose to cover their families,” he said.

Ms. Turchioe said Pinnacle will continue discussions with Empire and make a good faith effort to reach agreement on a new contract as soon as possible. “We will work closely with Empire and our medical staff to ensure that Empire members receive the quality care that they need,” she said.

A patient's coverage and financial responsibility will vary depending on the terms of their individual subscriber contract. In the event that a new agreement with Empire is not signed by June 30, Pinnacle hospitals will continue to provide services to all patients seeking care. Empire members undergoing a course of treatment will likely be able to continue the treatment without disruption for a period of at least 90 days. Empire members who are in their second trimester of pregnancy will continue to be able to access services at Pinnacle hospitals (including delivery) through post-partum care. Treatment and evaluation for emergency conditions will continue to be covered. Other services at Pinnacle hospitals can be accessed if the member has an out-of-network benefit.

Empire Blue Cross Blue Shield members can call 212-476-7007 for more information about how a contract termination with Pinnacle Healthcare would affect their coverage or to tell Empire that they care about their local community hospitals.

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Pinnacle Healthcare, Inc., formed in 1997, is a three-hospital network located in Westchester County, NY, the largest hospital network in the tri-state region north of New York City. Pinnacle Healthcare offers a seamless continuum of high quality care for virtually every health service, from primary to quaternary. Pinnacle Healthcare member hospitals include Hudson Valley Hospital Center in Cortlandt Manor, Mount Vernon Hospital in Mount Vernon and Sound Shore Medical Center of Westchester in New Rochelle.