

Pinnacle Healthcare battles with Empire

Kelly Liyakasa

Jun-19-09

If a contract resolution is not reached by June 30, three Westchester County hospitals will find themselves out of Empire Blue Cross Blue Shield's network the next day.

Hudson Valley Hospital Center in Cortlandt Manor, The Mount Vernon Hospital and Sound Shore Medical Center of Westchester in New Rochelle, all under the umbrella of Pinnacle Healthcare Inc. in Valhalla, are negotiating with Empire over rate reimbursement policies.

"The (reimbursement) rates here in Westchester are considerably lower than they are in Connecticut," said Neil Abitabilo, president of the Northern Metropolitan Hospital Association (NorMet) at a news conference June 11 in White Plains. "The average western Connecticut hospital has a reimbursement rate from the commercial insurers that's 18 percent higher than their own Medicare rate.

"The systems in New York and the Hudson Valley are lucky if they get one or two percent above Medicaid," he said. "There is a notion that Blue Cross is going to be a protector of the consumer and you have to ask yourself, 'How come the rates are still lower in New York?'"

"Over a 10-year period, business premiums are up 119 percent, workers earnings are up 34 percent and inflation is up 29 percent." said William Mooney, president of the Westchester County Association. "That's a spread of 80 percent, so at the end of the day, if the premiums for business people are going up by such astronomical numbers and the reimbursements are pretty much the same in New York, where is the money going?"

Mooney stepped aside from the lectern and gestured toward his pocket.

An official statement from Empire said Pinnacle requested double-digit increases in rate reimbursements.

"They were asking for mid-20s," said Craig Andrews, an Empire spokesman. "In this economy, it all comes down to increased premium rates for customers and members. These negotiations go on all the time and generally work themselves out. Usually, they are kept behind closed doors."

Helen Turchioe, Pinnacle's executive director, said this is the network's first round of negotiations with Empire since it joined WellPoint Inc. in Indianapolis in 2005.

WellPoint's earnings were \$2.3 billion last year, Mooney said.

"What we're seeing is this national cookie-cutter approach instead of doing what is best for the community," Turchioe said. "Because of some of these denial tactics, at the end of the day, some claims don't get paid at all and others can be reduced by 10, 20 or 30 percent."

A May 31 letter to Empire members addressed contract negotiations with Pinnacle.

According to Turchioe, there were 27,000 visits from Empire members last year.

Empire provided a list of nine alternative participating facilities for members, should a contract agreement fail by the end of the month.