Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

MEDICAID MANDATORY SECOND SURGICAL OPINION PROGRAMS: SUMMARIES OF STATE PROGRAMS

Richard P. Kusserow
INSPECTOR GENERAL

OEI-03-89-01531

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INTRODUCTION

PURPOSE

This report summarizes the common elements of the 14 State Medicaid mandatory Second Surgical Opinion Programs (SSOPs) in existence in 1990.

BACKGROUND

Second Surgical Opinion Programs provide patients with an independent medical opinion on the need for elective surgery. The second opinion physician consultant evaluates the decision of the referring physician and provides an independent determination on the necessity of the proposed surgery.

Theoretically, SSOPs benefit patients by encouraging them to be more informed and involved in their medical treatment, by preventing unnecessary surgery, and promoting higher quality medical care. Preventing unnecessary surgery can also save money.

An SSOP can be voluntary or mandatory. Voluntary programs encourage patients to seek a second opinion before surgery. However, the surgery is covered even if the patient does not obtain a second opinion. In contrast, mandatory programs require patients to obtain a second opinion before surgery as a condition of full health benefit coverage.

Studies have shown that voluntary SSOPs have not reduced unnecessary surgery or achieved cost savings because patient participation is low. Some mandatory SSOPs have proven successful in both reducing unnecessary surgery and saving money.

In a companion report (OEI-03-89-01530), we summarized the results of a study which provides information on recent State evaluations of Medicaid mandatory SSOPs. We concluded that evidence is not strong enough to require that all States adopt mandatory SSOPs. We recommended that HCFA ensure that States put into place appropriate utilization control programs, which could, but need not, include SSOPs. We are providing the information in this report to HCFA and State Medicaid agencies for their consideration in designing such programs.

METHODOLOGY

We obtained detailed information from the 14 States with mandatory SSOPs. The information included: year established, administering agency, objectives, covered procedures, reimbursement policy, nonconfirmation rate, and program evaluation. We

visited four States (Colorado, Massachusetts, Michigan, and Pennsylvania) and conducted detailed telephone interviews with the remaining States. We obtained written documentation to verify the information collected during the site visits and telephone discussions.

This report summarizes information on the following SSOP program elements: program administrator, program objectives, covered procedures, role of second opinion consultant, reimbursement policies, nonconfirmation rates, and program evaluations.

PROGRAM ELEMENTS

As shown in the following map, 14 State Medicaid programs had mandatory SSOPs in place during 1990. These States were Colorado, Indiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, Oregon, Pennsylvania, Tennessee, Virginia, Washington, and Wisconsin.

STATES WITH MANDATORY SSOPS AS OF CALENDAR YEAR 1990

Massachusetts, which established its SSOP in 1976, has the oldest program still in operation. Michigan also established its SSOP in 1976, but ended the program in October 1990.

Most other States established their programs between 1981 and 1986. The newest programs are in Pennsylvania and Maryland, which established mandatory SSOPs in 1989 and 1990, respectively.

PROGRAM ADMINISTRATOR

The SSOPs are administered by State Medicaid Agencies, Medicare Peer Review Organization (PROs), or private organizations. Four State agencies administer the SSOPs themselves. Five States use PROs to administer their programs, and five others use private review groups. See Appendix A for a State by State list of administering agencies.

PROGRAM OBJECTIVES

We identified four distinct program objectives in the Medicaid mandatory SSOPs:

- prevent unnecessary surgery,
- save money,
- educate patients about treatment alternatives, and
- improve quality of patient care.

States varied in the number of objectives included in their programs. Six States included all four objectives, five had three objectives, and three others had two objectives.

Two States (Colorado and Pennsylvania) consider patient education their primary objective. Washington places emphasis on reducing unnecessary surgery and patient education, while Wisconsin views reducing unnecessary surgery and improving quality of care as most important. Each of these States has other program objectives as well, but they are secondary in importance. See Appendix B for a table of program objectives by State.

COVERED PROCEDURES

Both the number of procedures covered and the procedures themselves varied widely. One State, Oregon, includes all proposed elective inpatient procedures in its mandatory SSOP. In the other 13 States, we identified 45 different elective procedures which were covered by at least 1 program. The number of procedures covered by SSOPs ranged from 27 (Colorado and Indiana) to 2 (Washington), with a median of 10.

The most frequently covered procedures were hysterectomy (13), tonsillectomy/ adenoidectomy (12), cholecystectomy (10), hernia repair (8), laminectomy (8), spinal fusion (7), hemorrhoidectomy (7), coronary artery bypass graft (6), and cataract removal (6). Twelve other procedures were covered by only 2 States, while another 15 were covered by only 1 State. See Appendix C for a matrix of the most frequently covered procedures by State.

Because of the wide variation in covered procedures, we asked States how procedures were selected. Nine indicated that they selected high frequency, high cost procedures, based on analysis of data available at the time their programs were established. However, few States review and update their covered procedures lists in a systematic way. Some have not changed since the early 1980s.

The exception is Colorado, which conducts a formal annual analysis of covered procedures. The review is designed to (1) determine whether currently covered procedures are still appropriate, (2) identify changes in physician practice patterns, and (3) evaluate the impact of new technology on the appropriateness of covered procedures.

ROLE OF SECOND OPINION CONSULTANT

The second opinion consultant is a physician who corroborates or refutes the referring physician's recommendation for surgery. The States are almost equally divided on four key variables:

- consultant qualifications -- Six States require the second opinion consultant to be board certified or eligible for certification. The remainder require only that the consultant be licensed to practice in that State.

- physician panel -- Seven States maintain a panel of physicians in various specialties. Only physicians on the panel may serve as the second opinion consultant. The remaining seven States have no such requirement.

- restrictions on performing surgery -- Six States allow the consultant to perform the proposed surgery while seven others prohibit this practice. One State has not established a policy on this issue.

- business relationship between referring physician and consultant -- Eleven States place restrictions on the business relationship between the referring physician and the second opinion consultant.

Four States (Colorado, Massachusetts, Michigan, and New Jersey) place the most restrictions on the second opinion consultant. These States require board certification (or eligibility), select consultants from a preestablished panel, prohibit the consultants from performing the proposed surgery, and restrict their business relationships with referring physicians.

In contrast, programs in two States (Missouri and Tennessee) place no restrictions on the second opinion consultant. Two others (Indiana and Virginia) limit only the business relationship between the referring physician and the consultant.

Appendix D provides more detail on State restrictions on second opinion consultants.

REIMBURSEMENT POLICIES

Nonconfirming second opinion -- Five of the 14 States pay for surgery only if the second opinion confirms the referring physician's opinion. The other nine reimburse for surgery even if there is a nonconfirming second opinion.

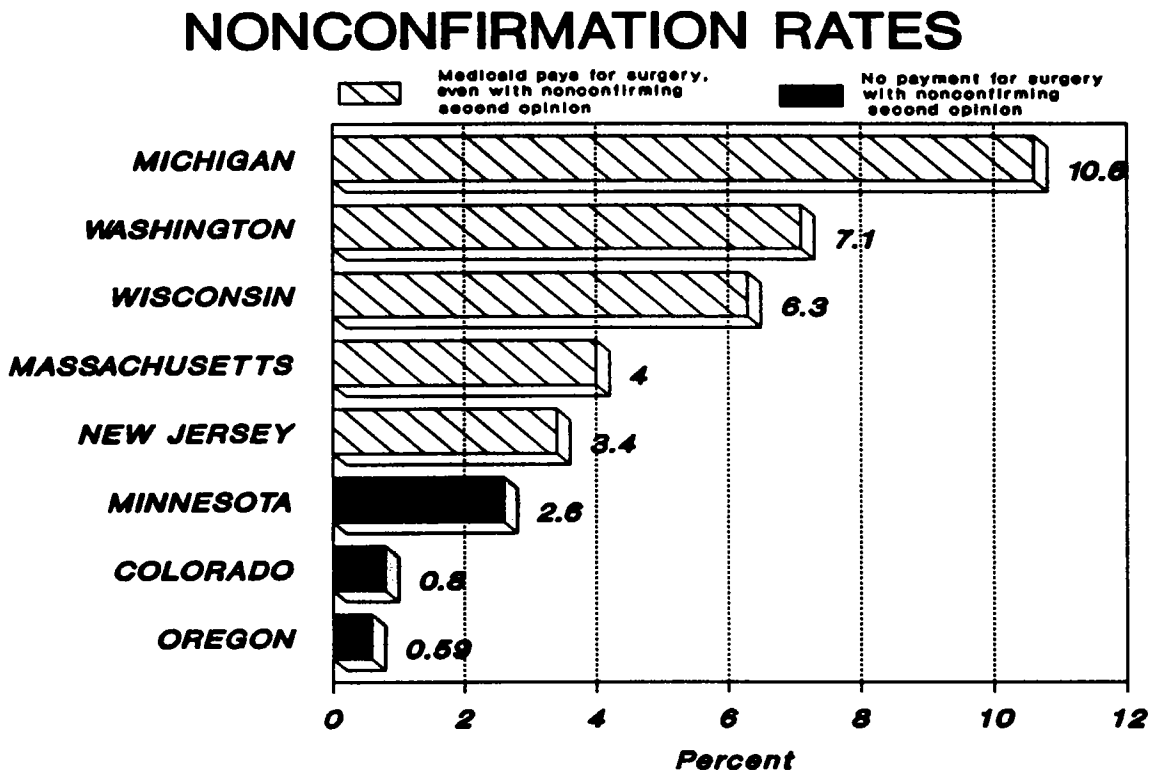
Failure to obtain a required second opinion -- Ten States provide no coverage for surgery if the patient fails to obtain a required second opinion. Four States provide full or partial benefits. Pennsylvania will pay half of the normal reimbursement to both the surgeon and the facility. Tennessee, Washington, and Wisconsin provide full coverage for the facility, but pay nothing to the surgeon.

See Appendix E for more information on State reimbursement policies.

NONCONFIRMATION RATES

Eight States provided recent nonconfirmation rate data. The nonconfirmation rate is the percentage of time that a second opinion does not confirm the first opinion.

As shown below, nonconfirmation rates ranged from 0.59 percent in Oregon to 10.6 percentage in Michigan, with a mean of 4.9 percent. States reporting the highest nonconfirmation rates (MI, WA, WI, MA and NJ) reimburse for surgery even with nonconfirming second opinions. In three of these States (MA, MI, and WA), about half the Medicaid clients had the surgery despite the nonconfirming second opinion.



In contrast, States with the lowest nonconfirmation rates (OR, CO and MN) do not pay for surgery with a nonconfirming second opinion.

In Michigan, which reported the highest nonconfirmation rate (10.6 percent) half of the Medicaid clients had surgery despite a nonconfirming second opinion. As mentioned earlier, Michigan discontinued its SSOP in 1990.

PROGRAM EVALUATIONS

Only three States (Colorado, Michigan, and Wisconsin) were able to provide recent evaluation information on their programs. See the companion report for more information on this subject.

APPENDIX A

MANDATORY SECOND SURGICAL OPINION PROGRAMS
PROGRAM ADMINISTRATORS
as of June 1990

STATE	PROGRAM ADMINISTRATOR		
	MEDICAID AGENCY	PEER REVIEW ORGANIZATION	PRIVATE REVIEW ORGANIZATION
COLORADO		X	
INDIANA			X
MARYLAND		X	
MASSACHUSETTS			X
MICHIGAN		X	
MINNESOTA			X
MISSOURI	X		
NEW JERSEY			X
OREGON		X	
PENNSYLVANIA			X
TENNESSEE	X		
VIRGINIA	X		
WASHINGTON	X		
WISCONSIN		X	
TOTALS	4	5	5

APPENDIX B

MANDATORY SECOND SURGICAL OPINION PROGRAMS
PROGRAM OBJECTIVES BY STATE
June 1990

OBJECTIVES

	COST SAVINGS	REDUCE UNNECESSARY SURGERY	IMPROVE QUALITY OF CARE	PATIENT EDUCATION	NUMBER OF OBJECTIVES
COLORADO	X	X	X	*X	4
INDIANA	X	X	X	X	4
MARYLAND	X	X	X	X	4
MASSACHUSETTS	X	X	X	X	4
MICHIGAN	X	X		X	3
MINNESOTA	X	X	X	X	4
MISSOURI	X	X			2
NEW JERSEY	X		X		2
OREGON	X	X		X	3
PENNSYLVANIA			X	*X	2
TENNESSEE	X	X	X		3
VIRGINIA	X	X	X	X	4
WASHINGTON	X	*X		*X	3
WISCONSIN	X	*X	*X		3
TOTALS	13	12	10	10	

* = DENOTES PRIMARY OBJECTIVE

APPENDIX C

MANDATORY SECOND SURGICAL OPINION PROGRAMS FREQUENTLY COVERED PROCEDURES BY STATE*
as of June 1990

	STATES												
PROCEDURE/ FREQUENCY	**CO**	**IN**	**MD**	**MA**	**MI**	**MN**	**MO**	**NJ**	**PA**	**TN**	**VA**	**WA**	**WI**
HYSTERECTOMY (13)	X	X	X	X	X	X	X	X	X	X	X	X	X
TONSILECTOMY/ ADENOIDECTOMY (12)	X	X		X	X	X	X	X	X	X	X	X	X
CHOLECYSTECTOMY (10)	X	X	X		X	X	X	X		X	X		X
HERNIA REPAIR (8)	X	X		X	X		X	X		X			X
LAMINECTOMY (8)	X	X	X	X	X		X	X			X		
HEMORRHOIDECTOMY (7)		X		X	X		X		X		X		X
SPINAL FUSION (7)	X	X	X	X	X			X	X				
CORONARY ARTERY BYPASS GRAFT (6)	X	X	X	X					X		X		
CATARACT REMOVAL (6)	X	X			X		X		X				X
DILATATION AND CURETTAGE (5)					X		X			X	X		X
JOINT REPLACEMENT (5)	X	X							X		X		X
TRANSURETHRAL RESECTION OF THE PROSTATE-TURP (5)	X	X	X						X		X		
DEVIATED NASAL SEPTUM RESECTION (4)	X	X		X	X								
BREAST SURGERY (3)	X	X							X				
CORONARY ANGIOPLASTY (3)	X	X							X				
FOOT SURGERY (3)	X	X			X								
MYRINGOTOMY (3)					X		X		X				
VARICOSE VEIN EXCISION/LIGATION (3)				X					X				X

* Does not include Oregon which requires SSOP for all elective inpatient procedures.

APPENDIX D

MANDATORY SECOND SURGICAL OPINION PROGRAMS
RESTRICTIONS ON SECOND OPINION CONSULTANTS
as of June 1990

	REQUIRES BOARD CERTIFICATION/ ELIGIBILITY	SELECTED FROM PHYSICIAN PANEL	MAY NOT PERFORM SURGERY	RESTRICTS BUSINESS WITH REFERRING PHYSICIAN
COLORADO	X	X	X	X
INDIANA				X
MARYLAND				
MASSACHUSETTS	X	X	X	X
MICHIGAN	X	X	X	X
MINNESOTA	X		X	X
MISSOURI				
NEW JERSEY	X	X	X	X
OREGON	X	X	NO POLICY	X
PENNSYLVANIA		X		X
TENNESSEE				
VIRGINIA				X
WASHINGTON			X	X
WISCONSIN		X	X	X
TOTALS	6	7	7	11

APPENDIX E

MANDATORY SECOND SURGICAL OPINION PROGRAMS STATE REIMBURSEMENT POLICY

	PAYS FOR SURGERY WITH NONCONFIRMING SECOND OPINION	PAYS FOR SURGERY IF PATIENT FAILS TO OBTAIN SECOND OPINION	
		FACILITY	SURGEON
COLORADO	NO	NONE	NONE
INDIANA	NO	NONE	NONE
MARYLAND	YES	NONE	NONE
MASSACHUSETTS	YES	NONE	NONE
MICHIGAN	YES	NONE	NONE
MINNESOTA	NO	NONE	NONE
MISSOURI	YES	NONE	NONE
NEW JERSEY	YES	NONE	NONE
OREGON	NO	NONE	NONE
PENNSYLVANIA	YES	50%	50%
TENNESSEE	YES	100%	NONE
VIRGINIA	NO	NONE	NONE
WASHINGTON	YES	100%	NONE
WISCONSIN	YES	100%	NONE
TOTALS	9	4	1