

*The views expressed in this presentation are those of the presenter
and not of CIGNA HealthCare.*

Clinical Integration

What is really going on?

Kenneth T. Bowden
Senior Counsel
CIGNA HealthCare


- Physicians as a whole have not embraced competition and market mechanisms
- Long history of enforcement

The advent of managed care

- What was the real objection to managed care by physicians ?
- Competition?

A Brief History

- Risk contracts led to the creation of IPAs and PHOs.



- With risk group failures, risk contracting fell out of favor in many markets

How did these organizations react?

- Did they simply cease to exist?

Bowden's Law

With apologies to Newton's first Law of Motion

An organization once created will find reasons to continue to operate even when the reasons for its creation no longer exist.

- Many physician organizations simply began to negotiate fee-for-service contracts on behalf of independent physicians
- From safe harbor to per se violation

- IPA's began the search for a new safe harbor
- Next stop, the "Messenger Model"
- The problem – correctly done, this model does not increase rates
- Negotiate now, messenger later
- FTC enforcement discredits the "messed up messenger" model

Where to go next

- Two safe harbors down, what's left?
- The last “safe harbor”
- “Clinical Integration”

Is Clinical Integration?

- A model to deliver better, more cost effective care to which joint negotiation is incidental?
- An excuse for IPA's to continue to jointly negotiate fees with payors?

A case study

- Central Massachusetts IPA
- Started with a risk contract
- Has continued to negotiate on behalf of independent physicians
- Claims to be “clinically integrated”
- Electronic Medical Record
- Sharing lab results
- ??

Selling “Clinical Integration”

- The IPA demanded a large increase in fees
and
- An annual six figure infrastructure fee

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No Thank you

- CIGNA HealthCare declined the terms demanded by the IPA
- When its demands were not met, the IPA terminated its agreement with CIGNA HealthCare
- CIGNA HealthCare reverted to its direct contracts with physicians

The Hard Sell

- In April 2008, CIGNA HealthCare received identical terminations of its individual contracts from over 100 individual physicians.
- The terminations were sent to CIGNA HealthCare by the IPA
- The termination notices contain Central Massachusetts IPA's fax number and its Executive Director's name

April 1st, 2008

By First Class Mail

Bretta Karp, Regional Vice President of Contracting
Cigna HealthCare of Massachusetts
2223 Washington Street
Newton, MA 02462

Dear Ms. Karp:

Notice is hereby given pursuant to the Individual or Group Primary Care Physician Agreement for the Cigna products by and between the undersigned and Cigna Healthcare of Massachusetts that the undersigned does not intend to renew the Agreement beyond July 1st, 2008.

Very truly yours,



Print Name: [REDACTED] MD

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Is this?

- A boycott organized by Central Massachusetts IPA?

Not according to the IPA

- The IPA's Executive Director says that its actions are based on the fact that it is "clinically integrated."
- The IPA's attorney says that the IPA is a "robust clinical integration program" and that "There is no group boycott occurring here."
- Neither explains what the terminations have to do with "clinical integration."

Oops

- What does Central Massachusetts IPA say on its website about its model?
- or
- “Pay no attention to that man behind the curtain!”

CMIPA

Central Massachusetts Independent
Physician Association, LLC

More Choices, Better Care



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CMIPA Membership

We want to thank you for your interest in Central Massachusetts Independent Physician Association, LLC (CMIPA).

Central Massachusetts Independent Physician Association, LLC was formed in July of 1998. Our mission is to facilitate the independent practice of Medicine in Central Massachusetts. To that end, we provide infrastructure, negotiating clout for managed care contracts as well as implements methods for dispute resolution between the health plans and hospitals.

Contact: Gary Woonteiler, 781-891-1232, info@woonteilerink.com

For Immediate Release

*“Independent Area Physicians Are Coming Together, Gaining Clout, and
Advocating for More Choice in the Marketplace”*

Central Massachusetts Independent Physician Association Gains 30 New Members from St. Vincent Physician Alliance

CMIPA Posts 34% Annual Growth, Becomes Area’s Largest Independent Physician Association

Worcester, Mass.---Physicians in Greater Worcester who seek the independence of private practice but also the collective clout of a larger, contracted group are banding together in greater numbers, with most of them joining the Central Massachusetts Independent Physician Association, LLC (CMIPA). |

Conclusions

- There are legitimate clinical integration models, and these models should attract payors by demonstrating enhanced care and efficiency
- For some organizations, clinical integration is also the last refuge for physician organizations engaged in anti-competitive behavior

- The valid models approved by FTC seek to entice payors and are non-exclusive
- Clinical integration should always be an option which is voluntarily entered into by payors which seek its benefits
- Models that seek to coerce payors are inherently suspect
- Using widely available technology such as electronic medical records is not enough

In other words

- Some “Clinical Integration” models are like M&Ms®:



- A thin sugary veneer of medical “science”
- Over a yummy core of price fixing

