Health Care Reform
The Consumer Reimbursement System:
CODE BLUE
HEALTHCARE INDUSTRY TASKFORCE
NEW YORK ATTORNEY GENERAL
Consumer Complaints

• Health care is the number one concern of consumers in New York
• Ten percent of the family budget goes to health care costs

• Health care costs are the number one cause of individual bankruptcy
Two Kinds of Health Insurance Coverage

- **In network**
  - Doctor has contract with the insurer
  - Cheaper for the insurer

- **Out of network**
  - Doctor does not have contract with the insurer
  - More expensive for the insurer
70% of insured working families have out-of-network plans that let them choose their own doctors.
Out of Network

- Consumers pay higher premiums for out-of-network plans
- Insurer agrees to pay based on the “usual and customary rate” of the service
- Consumer is responsible for the remaining balance
“The usual and customary” rate is supposed to be a fair reflection of the market rate of doctors across the country for all kinds of medical services.

*Dollar amount is for similar standard doctor visits*
Who Decides “Usual and Customary” Rate?

- For 10 years, “usual and customary” rate has been decided by one data company.
Who Do Insurers Use to Decide Usual and Customary Rate

- Aetna
- CIGNA
- UnitedHealth
- Wellpoint (Empire BCBS)
- CDPHP, Excellus, GHI/HIP, HealthNow, Independent Health, MVP/Preferred Care and other NY insurers
- Dozens of others in the U.S.

Ingenix
Where Does Ingenix Get its Information From to Decide Usual and Customary Rate

Aetna

CIGNA

UnitedHealth

Wellpoint (Empire BCBS)

Excellus, HealthNow, and other NY insurers

Dozens of others in the U.S.
Who is Ingenix?

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CONFLICT OF INTEREST

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Usual and Customary Rates Are Controlled by the Industry

Health Insurers

Closed System

No Option for Consumer

Difficult to Detect

ingeniX
• Ingenix is a “black box” for consumers
• They do not know the price before they shop
• Drives up costs because consumers cannot comparison shop
Blank Check

• They have to write a blank check for health care costs without knowing how much insurer will pay
• Adds insult to injury
Why Does This Matter?

- 110 million people
- Ten years
- Health care is a matter of life and death
What is the Solution?

- Not-for-profit entity will create new independent database
  - Credible source for consumers
  - Not controlled by the industry
  - Determine rates fairly reflecting the market
Ending the Conflict

Aetna
Cigna
UnitedHealth
Wellpoint
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Excellus, HealthNow, and other NY insurers
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Not-for-profit entity will set up website for public to get reimbursement rate information.

Consumers get information before they shop for doctors.
Step 1

- UnitedHealth will pay $50 million to a not-for-profit entity to establish an independent database
- When the new database is ready, Ingenix will shut down its database
- Target date: six months

ACCOMPLISHED
Step 2

We Will Not Rest Until We Have National Industry Wide Reform

Independent
HealthNow
Excellus
GH/HP
WellPoint
CIGNA
CDPHP
MVP
AETNA
UnitedHealth
Step 2
We Will Not Rest Until We Have National Industry Wide Reform

Step 3
New Regulations to Institutionalize the Reform

UnitedHealth
AETNA
MVP
CDPHP
CIGNA
WellPoint
GHI/HIP
Excellus
HealthNow
Independent
A Clean Bill of Health for Patients