



FOR IMMEDIATE RELEASE
June 5, 2007

CONTACT: Lynne Randolph
(916) 445-7442

Department of Managed Health Care negotiates agreement extending time for new Blue Cross of California doctor payments to go into effect

(Sacramento) – The California Department of Managed Health Care (DMHC) has negotiated an agreement with Blue Cross of California (Blue Cross) to extend the effective date of changes to its Prudent Buyer PPO physician reimbursement rates by 45 business days. The agreement was sought after the DMHC received complaints from physicians alleging that they either did not receive advance notification of the rate changes or could not get accurate pricing information from Blue Cross.

“This is an issue of fairness so that physicians receive adequate notice and access to a new fee schedule in order to be reimbursed properly or decide if they want to remain as a Blue Cross provider,” said Amy Dobberteen, Chief of Enforcement for the DMHC.

State law requires health plans to give at least 45 business days’ notice of any material change to a contract and the right to terminate the contract prior to its implementation, which in this case is a change in rates paid to physicians for services provided.

The DMHC began an investigation after its Provider Complaint Unit began receiving complaints in mid-May. In addition to individual complaints, both the California Medical Association and the California Orthopedic Association reported that its members were not adequately notified of the new fees or could not get online information on Blue Cross’ Web site, as promised in notification letters sent by the company in late February.

As a result of discussions with Blue Cross, an agreement has been reached to change the original implementation date of the new fees from June 1 to August 6, 2007. During this

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extended time period, physicians will have the option to remain with Blue Cross or terminate their contract. The DMHC will monitor compliance with the agreement, including the posting of the new rates on the Blue Cross Web site.

“We value our relationship with our member physicians and we are committed to ensuring that the updated Prudent Buyer Plan fee schedule is implemented in a way that will not inconvenience them,” said Brian A. Sassi, president and general manager of Blue Cross of California. “We believe that we’ve fully complied with the law, but in the spirit of partnership, we are delaying the new fee schedule to help ensure these physicians have received adequate time to fully understand the benefits this will bring to their practices. We will continue working with DMHC to ensure the successful implementation of this program.”

The investigation originated in the DMHC’s Provider Complaint Unit, which was established in 2004 to resolve individual payment and other issues expressly for physicians and other health care providers. To date, the PCU has handled more than 5,500 complaints and recovered nearly \$2 million from health plans on behalf of California physicians.

The California Department of Managed Health Care is the only stand-alone watchdog agency in the nation, touching the lives of nearly 21 million enrollees. The DMHC has assisted more than 633,000 Californians through its 24-hour Help Center resolve their HMO problems, educating consumers on health care rights and responsibilities, and working closely with health plans to ensure a solvent and stable managed health care system.

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ARNOLD SCHWARZENEGGER
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BUSINESS,
TRANSPORTATION
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AGENCY

DEPARTMENT OF MANAGED HEALTH CARE

980 9th Street
Suite 500
Sacramento, CA 95814-2725
916-324-8176 Voice
916-322-9430 Fax

320 West 4th Street
Suite 880
Los Angeles, CA 90013-1105
213-620-2744 Voice
213-576-7183 Fax

www.hmohelp.ca.gov
1-888-HMO-2219

