

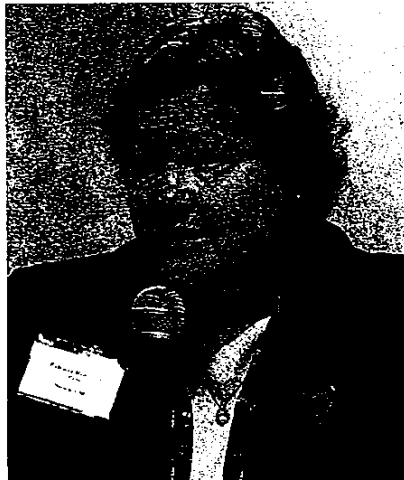
WHN SHARP SHOOTERS ACKNOWLEDGES

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She just said No to a big health plan

In 1985, I was a few years out of residency training when managed care arrived in Muskegon. I signed up with a popular HMO that paid on a capitated basis. I gained about 400 patients—almost a third of my young practice—before I realized I was in hot water.



The problem was that the HMO initially insisted that entire families sign up with the same primary care doctor. But it wound up losing patients to competitors on account of this policy. A wife might like her female doctor, but the husband might prefer a male doctor. So the HMO reversed direction and let families pick different doctors. Babes in the woods that we were, we gave the HMO

permission to do this. The decision hurt doctors like me who attracted women and kids and did a lot of obstetrics-gynecology. The husbands and fathers signed up with male doctors, but rarely made appointments. My male colleagues came out smelling like roses because their utilization was so low. But the HMO lambasted me as a high utilizer. It was an awful situation because the cap rate wasn't adjusted for age or sex, meaning that a doctor wouldn't receive a higher rate for patients who normally required more services. Under the contract, if I

exceeded my capitation budget, I was liable for the difference.

I was in the hole for about \$35,000. I told the board of the HMO—not realizing how prophetic it would be—that they needed to adjust capitation for age and sex. They looked at me like I was nuts.

I faced a gut-wrenching decision—stay on and lose more money, or walk away from a huge chunk of my practice. I had delivered babies for many of these families, so it was horrible to think about severing these relationships. And they represented my monthly cash flow. I was especially nervous about the money because I had just missed eight weeks of work because of a car crash.

After losing sleep and looking at projections and talking to my husband, we decided that we could live on macaroni and cheese and hamburger again if we had to. So I dropped out of the HMO.

The fallout wasn't as bad as I expected, because I was able to negotiate a slow pull-out. The HMO let patients stay with me until their yearly renewal at work, so if there was an alternative health plan that listed me in the network, they could switch.

Still, the whole episode was just horrid. But afterwards, I never again felt beholden to another insurance company, even the behemoths. If they didn't offer me fair terms, I just said No. My decision to “decapitate” that HMO in 1985 was very empowering. By the way, it eventually adjusted its capitation rates for age and sex. I had the last laugh.

I continue to encounter bad insurance contracts. And I keep walking away from them. Guess what? My schedule still fills up,

I'm still busier than I want to be, and I sleep well at night.

