

## American Specialty Health Plans Responds

Editorial Staff

*Editor's note:* The following is a statement from ASHP that responds to issues presented in our August 6 and September 4 issues.<sup>1,2</sup>

On July 5 and July 27, American Specialty Health Plans sent letters to all of our California providers announcing a variety of activities that affected their practices as well as our company. Included in this was news of a change in our fee schedule. This communication triggered a host of questions and with them, unfortunately, a stream of inaccurate information regarding both American Specialty Health Plans and our affiliate American Specialty Health Networks. We are happy to have this opportunity to offer comment and provide clarity on these important issues.

ASHP has made these changes to ensure people have access to affordable health care. These changes will continue to ensure ASHP's members will receive the best possible health care at the lowest possible cost. In light of the currently competitive environment, these changes will also ensure ASHP participating chiropractors will have a larger base of members that they will have the opportunity to serve and treat. These changes were only implemented by ASHP in California and were not implemented by American Specialty Health Networks in California or nationally.

ASHP and ASHN are committed to ensuring that our members receive quality care. All decisions regarding clinical issues are made by licensed clinicians and all clinical decisions are based upon professionally recognized standards of care. American Specialty Health has over two dozen chiropractors on staff and dozens of network chiropractors working on quality improvement and utilization management committees. Clinical policies and decisions are exclusively made by these licensed chiropractors.

**California Fee Change:** American Specialty Health Plans needed to modify our payment to California chiropractors due to significant competitive pressures from other chiropractic networks. This action affected only roughly half of our accounts in California. The changes include an increase in reimbursement for initial exams from \$25 to \$30 and an increase for subsequent exams from \$18 to \$20. The reimbursement for a routine office visit including chiropractic manipulation and adjunctive therapeutic procedures & modalities at each visit was changed from \$34 to \$26. There was no change in reimbursement for x-rays, clinical laboratory tests and chiropractic appliances. Therefore, on an initial visit, a participating chiropractor will be reimbursed \$56 for the examination and treatment. X-rays or appliances are reimbursed separately. On routine office visits, reimbursement would be \$26 for all treatment. If a subsequent exam were needed, the reimbursement would be \$46 for the exam and treatment. Our new provider reimbursement is still roughly equal to or higher than most of our other California competitors. These changes do not affect the services that are available and covered by ASHP.

**Why the Fee Changes Were Necessary:** Our fee reimbursement has generally been higher than other chiropractic networks in California. While our reimbursement has remained stable and relatively unchanged for the past 12 years, our competitors introduced lower reimbursement that have been accepted by their providers. These same competitors recently offered some of ASHP's health plan clients premium rates that are as much as 30% lower than our existing contracts. In

order for us to maintain our client base and thus the patient base available to our participating chiropractors, we were forced to significantly reduce our premium rates to our health plan clients. This new rate has challenged us to aggressively increase our own internal efficiencies and reduce administration costs. Already, we have (over the past nine months) downsized our workforce from 660 to 500 through attrition, eliminating temps, reducing short-term positions and more wisely using technology. However, these reductions in administrative expenses are not enough, and so we also needed to adjust provider reimbursement. We regret these changes but hope our participating chiropractors understand the chain of events that necessitated these actions.

**No Change in American Specialty Health's Fees Nationally:** The changes in provider reimbursement are restricted to only about half of our California business. These changes do not affect any of our business outside California. It is also important to know that these changes do not represent a philosophical change in direction, but rather simply a response to a specific competitive challenge. For a variety of reasons, fee schedules vary state by state and we are committed to maintaining reasonable fee schedules across the country.

**American Specialty Health Policy on Financial Withholds:** American Specialty Health eliminated all provider financial withholds in California effective January 1, 2000. At the present, we do not have any financial withholds nationally except Hawaii, which will be eliminated January 1, 2001. We will not implement financial withholds in the future in any region nationally. We understand there are concerns with the distribution of the financial withhold in California over the last year prior to its elimination. During our recent routine financial audit, ASHP's California regulator reviewed our distribution of the financial withhold and made no comment in their preliminary report. We have acted within our provider agreements.

**Helping Shape the "New" Healthcare Industry:** We have been categorized as simply a middleman. That is not only false, but fails to recognize the vital contribution we are making to today's healthcare landscape. An essential part of the managed care industry is the specialty health service organizations such as American Specialty Health, which respond to very real needs in such areas as behavioral health, vision, dental, pharmaceutical, chiropractic, acupuncture or even oncology. More and more, most full-service health plans are recognizing that they do not have the expertise to manage every area of health care and are seeking specialty health service organizations for provider networks, administration and other expertise in their specialty. There are over a hundred chiropractic networks, IPAs and specialty health plans nationally that are functioning in this role. They are not middlemen but rather acting as a key point of influence, encouraging health plans and employers to offer chiropractic benefits for their members. Specialty health service organizations are expected to have significant operational and clinical capabilities that meet the requirements of regulators such as the Department of Insurance and accreditation agencies such as National Committee on Quality Assurance or American Accreditation Health Care Commission/URAC. American Specialty Health has significant capabilities and is able to meet vast regulatory, accreditation, health plan and employer expectations and requirements. We have approximately 500 employees and are investing million of dollars each year to expand our capabilities and better serve the market. American Specialty Health affiliates are licensed by various state agencies and accredited by American Accreditation Health Care Commission/URAC.

**Expansion of American Specialty Health:** We believe strongly that it is necessary to have broad capabilities - as well as a broad geographic reach - to meet the changing requirements of health plans and employer groups. There are two reasons for this. First, most Americans receive their health care through a plan that is national or multi-state in scope. Therefore, we needed to expand nationally in order to meet the requirements of employers and health plans that have a national or regional presence. Second, health plans and employers expect specialty health services

organizations such as American Specialty Health to offer a full range of complementary health programs including chiropractic, acupuncture and massage therapy.

**American Specialty Health Product Retailing:** American Specialty Health's Internet site doesn't affect the ability of our participating chiropractors to continue to sell products to their interested patients. It simply provides another avenue for members to consider. The Internet is changing how most Americans access information, services and products. Nowhere is this truer than in healthcare, where more than seven out of 10 Internet users look to the web to find health-related information for themselves and their family. Knowing this, and responding to the wants of their members, our client health plans are looking to us to create an e-commerce site for complementary health care that will complement their general health care e-commerce sites. As a result, we have developed <http://www.Healthyroads.com>, an e-commerce site for complementary health care products and information. <http://www.Healthyroads.com>, is designed to compete with hundreds of thousands of grocery stores, pharmacies, health food stores, vitamin stores, mail order catalogues and other Internet sites. We view the development of this site as a sign that we recognize the impending changes and are effectively responding to meet these needs.

**Chiropractors Supporting American Specialty Health:** There are approximately two dozen chiropractors employed full-time and dozens more under contract as consultants or as members of quality improvement and utilization management committees at American Specialty Health. We need these individuals to ensure that we are properly structuring our programs, policies and procedures to reflect the professionally recognized standards of care in chiropractic. We have deliberately sought to work with the very best chiropractors we can find... individuals who are committed to the quality, success and growth of chiropractic. ASHP and ASHN are committed to ensuring that our members receive quality care. All decisions regarding clinical issues are made by licensed chiropractors and all clinical decisions are based upon professionally recognized chiropractic standards of care. All of us at American Specialty Health have immense respect for those chiropractors working with us and appreciate their integrity and commitment. Our chiropractic consultants and clinical committee members do not have stock options in our company and are paid reasonably for their services on a per-diem basis. They work with us because they believe it is critical for the chiropractic profession to have this level of input in helping to shape the direction of one of the largest health services organizations for chiropractic.

**Vision and Goals:** American Specialty Health is committed to building a high-quality, service-oriented health service organization for complementary health care. This includes creating direct-access chiropractic benefit programs across the nation. We started in California, where there was no mandate for chiropractic in HMO plans. Our vision then, as it is now, was to create a supplemental chiropractic benefit program that employers would purchase in addition to their HMO medical plan. This benefit would be direct-access with no physician referral required. There would be a low co-payment (generally \$5 to \$10 per visit) and ample annual limits (generally 20 to 40 visits). Thanks to the support of the chiropractic industry, our California success has been incredible ...over 30,000 employer groups ...over 3.8 million members ...17 health plans actively offering chiropractic benefits. And through our health plan clients, we also have had the opportunity to provide PPO chiropractic networks and other programs to millions more members. We believe our participating chiropractors have benefited significantly from this success.

We are currently developing some extraordinary programs and opportunities across the nation. We have contracted with dozens of health plans covering tens of millions of members for benefit plans and network access programs. These health plans and employer groups are looking to American Specialty Health for chiropractic networks and administrative systems because of our strong operational capabilities and sophisticated clinical systems. We look forward to working with many

of you to forge new opportunities for chiropractic in the coming years.

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*Editorial References*

1. ASHP Drops Reimbursement to \$30 Global Fee - 1999 Withholds Will Not Be Returned  
*DC*, Aug. 6, 2000 ( <http://www.chiroweb.com/archives/18/17/02.html>).
2. ASHP - Even Smaller Fees, but Not "Global" *DC*, Sept. 4, 2000  
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