

## California Forum News

Editorial Staff

### DeVries Blames Competition for Drastically Reduced Provider Fees

In a strongly worded letter sent to American Specialty Health Plans (ASHP) member doctors, George DeVries, ASHP president and CEO stated that the company has recently changed its fee schedule in California, increasing certain rates and decreasing others, because "numerous chiropractors, including over half of the chiropractors in ASHP's network (many of whom are CCA members) have agreed to provide chiropractic services for other managed care companies at rates well below those previously paid by ASHP."

ASHP has decreased its payments to doctors of chiropractic 24 percent since January 1, 2000. It is the opinion of the CCA that these reductions will, by economic necessity, force the doctor to choose between enduring great economic hardship and providing clinically indicated care to their patients.

"Personally, I find the tone of this statement very upsetting," said Robert Dubin, DC, president of the California Chiropractic Association (CCA). "Mr. DeVries seems to be implying that if his panel members were to refuse to accept lower fees paid by his competitors that he would pass his additional profits to his member doctors. Given the current state of antitrust laws and the restrictions placed upon doctors, in my opinion Mr. DeVries should not make statements that seem to encourage doctors to terminate their relationships with his competitors."

ASHP has also threatened the CCA with legal action. Objecting to a recent press release and advertisement, a letter from ASHP's attorneys states:

(CCA)...complained that ASHP had administrative costs of over 30 percent, while the applicable law establishes a guideline of 15 percent, falsely implying that ASHP denied needed medical care to its members due to its inefficiency and corporate greed. ...The applicable statute declares that administrative costs may not be excessive, but sets no standard in this regard. A rule adopted under the statute essentially states that administrative costs under 15 percent of total premiums are presumably reasonable and requires health care plans with administrative costs over 25 percent in their first five years of operations, and over 15 percent after that, to demonstrate to that their administrative costs are not excessive if ever called upon to do so by the director of the Department of Managed Health Care.

ASHP's administrative costs as a percentage of operations are exceeded by only a handful of managed health care plans, according to data from the Department of Managed Health Care ([www.dmc.ca.gov](http://www.dmc.ca.gov)). Of the 105 plans listed, 13 have higher costs.

In his letter, Mr. DeVries further stated:

Nobody likes to do the same for less. We understand this because we are faced with the same challenges as you. We are being required to do the same for less, since we have renegotiated or are renegotiating contracts with most of our California-based health plans.

"Mr. DeVries must have taken a course in 'new math,'" offered Dr. Dubin. "According to information from the Department of Corporations and Department of Managed Health Care, in a one-year period, ASHP's administrative costs have increased 31 percent, yet the number of new California enrollees has increased by only 493,000 members - or 13 percent. He should have stated that they are doing less for more, at least as far as California is concerned."

ASHP's recent activities underscore the need for the government to enact stricter laws governing HMOs. CCA supports a federal "Patient's Bill of Rights" and the antitrust reform measures contained in the proposed federal "Campbell Bill," as well as "any-willing-provider" legislation.

### CCA Approves New Reading List

At its Sept 30th, 2000 board of directors meeting the California Chiropractic Association voted to approve a recommended reading list for CCA chiropractors. It unanimously voted to the list Dr. Chester Wilk's book *Medicine, Monopolies and Malice: How the Medical Establishment Tried to Destroy Chiropractic in the U.S.*

Dr. Margaret Heller, chairperson of marketing and communications of CCA, said the book was distributed to the executive committee, the entire board of directors, the endorsement committee and the PR committee prior to the meeting. It was unanimously approved. The *CCA Journal* is now publishing a suggested reading each month.

The CCA indicated it is the first state organization to recommend Dr. Wilk's book, and hopes other state associations will follow. We see it as an excellent tool for teaching family members, staff, and patients about chiropractic, and motivating chiropractors to unify and deliver chiropractic to every man, woman, and child, as allopathic care is now (being delivered)."

*Editor's note:* Dr. Wilk has bought the rights to his book from the publisher and has pledged to give all of the net profits of the book back to chiropractic.

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