

June 25, 2007

Paul Sabin
Vice President, Provider Relations
HealthEOS
301 N. Broadway, Suite 301
P.O. Box 6090
De Pere, WI 54115

Re: Quality Management Program Fee

Dear Mr. Sabin,

The undersigned national and state medical societies, representing nearly 370,000 physicians and medical students nationwide, would like to share our concerns with your “quality management program.” Specifically, we are writing to request that you cease assessing a “quality management program” fee to your participating physicians. The HealthEOS is the only plan in the country that charges participating physicians to participate in their quality program.

The HealthEOS program using Active Health Management (AHM) CareEngine[®] Service purports to give meaningful clinical information to physicians, patients, and employers. However, the primary purpose of the program appears to be a reduction in the cost for employers. As noted on your web site (May 30, 2007) “And payers save as much as *\$10 per employee per month* in avoided medical claims.” The costs for this program should be the responsibility of payers. Quality management is a cost of doing business similar to other programs incorporated into the operations of your plan (e.g. credentialing, disease management, marketing, underwriting, etc.). If each of your participating providers (at approximately 20,000 enrolled providers, according to your web site), were assessed \$1,200 charge per year the financial gain would total \$ 24,000,000.

We do not believe HealthEOS should require physicians to bear the costs through your program fee assessment to physicians. Be mindful that in addition to taking on the indirect costs of payer-specific administrative burdens, physicians already reduce/discount their fees when contracting with payers, particularly Preferred Provider Organizations.

As you are aware, local medical societies asked HealthEOS last year to remove the “quality management” fee from the contract. HealthEOS responded that physicians could negotiate a lower amount, but the contracting term with the stated \$ 100/month fee would remain. This in itself raises questions as to whether the assessment is designed to

cover a portion of the cost of the program, or is simply a random source of revenue. We believe that the fee assessment could lead our members to not participate with HealthEOS, thus disrupting the physician-patient relationship, continuity of care, and patient access to care.

Initial feedback from physicians who participate with HealthEOS indicates that the reports, which are supposed to provide meaningful and actionable data, are not readily available to physicians paying the participation fee. HealthEOS has stated that it is working to improve the CareEngine reporting function for participating physicians. Currently, physicians have to request such reports, and even then, we understand, the clinical data must be manually gathered and organized into a readable report. Whether it is the intent or not, the perception of physicians is that HealthEOS seeks to add administrative complexity by providing unworkable "data." *When does HealthEOS anticipate being able to provide reports to physicians?*

We all want more affordable, high-quality health care and must work together towards this goal. Leveraging the available health information technology to this end is important and necessary. We look forward to working together to provide input into meaningful enhancements to your quality management program for the betterment of physicians and patients along with your employer clients.

Thank you for your time and attention to this request. We hope that you will take the appropriate action to further your support of meaningful engagement with the physician community. Please contact Trevor Stone or Laura Schmidt at (800) 274-2237 to arrange any follow-up conversations with the co-signed medical specialties on this important issue.

We look forward to continuing our productive and open working relationship.

Respectfully,

American Academy of Dermatology Association
American Academy of Family Physicians
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Pediatrics
American College of Physicians
American Psychiatric Association
Wisconsin Academy of Family Physicians
Wisconsin Academy of Ophthalmology
Wisconsin Chapter, American Academy of Pediatrics