

# Florida Medical Association FACT SHEET

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## MANAGED CARE REFORM

HB 405 by Rep. Galvano

SB by Sen. Gaetz

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### **FMA Position**

The FMA supports legislation that would require managed care companies to accept a valid assignment of benefits, place a fair time limit on the “look-back” provision in the prompt payment law, and prohibit silent PPOs.

### **Background**

**Assignment of Benefits** – Managed Care Organizations (MCOs) have increasingly been engaging in the unfair practice of refusing to honor a valid assignment of benefits by their insured patients. This tactic has been particularly prevalent in instances where the assignment was made to a physician who does not participate in the MCO’s network. An assignment of benefits takes place where an insured patient authorizes a third-party payment to be made directly to his or her physician for medical services. While MCOs will use the lack of privity of contract between them and the nonparticipating physician as an excuse for refusing to honor these agreements, the reality is that in most cases, MCOs prohibit these assignments in order to create a market advantage for themselves. The MCO will refuse to honor the assignment in order to pressure the non-participating physician into becoming a network provider. Legislation is needed that will allow the insured patient to “assign” the right to the reimbursement fee from the MCO to the physician and will require the MCO to pay the fee to the physician rather than the patient. There is no valid reason for an MCO not to honor a patient’s decision to have the MCO pay his/her physician directly.

**“Look-Back” Period** - Currently, if an MCO believes it has made an overpayment to a physician for services rendered, the MCO can demand a retroactive refund of this overpayment as far back as 30 months. Physicians, however, **MUST** submit claims to MCOs for payment within 6 months of the service being rendered in order to be paid for those services. This legislation would balance the playing field by reducing the “look-back” time period for an MCOs to demand a refund for an overpayments from 30 months to 6 months.

**Silent PPOs** - MCOs currently have networks of physicians with whom they have contracted to provide services at specified rates to patients who belong to the MCO. A system called "silent PPOs" has arisen where certain insurers will purchase a list of physicians participating in various networks along with their level of payment. The insurer (with whom the physician does not have a contract) will pay the physician the lowest amount that the physician has agreed to accept among the various networks. This is done without either the knowledge or the consent of the physician. The FMA is seeking legislation that would prohibit this type of arrangement unless the insurer and the physician have entered into a contract, or the physician has agreed to the contract and has agreed to provide health care services under the terms of the contract.

### **Conclusion**

Unlike most other professions, physicians must deal with a multitude of third party payers for their services. In addition to low reimbursement rates, Florida physicians must also deal with the increased hassles that come from managed care organizations. These legislative reforms will reduce the “hassle factor” faced by physicians and end the unfair MCO practices listed above.

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