Mission:Health folds risky business

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By ANGIE ANTONOPOULOS

For a few years, doctors in risk sharing arrangements through Mission:Health experienced what it was like to control the reigns of patient care. As Mission made strides in disease management and lowering hospital days, no one in upper management predicted that Mission would hit a snag that would topple the integrated delivery system - leaving no choice but to file a Chapter 11 bankruptcy petition.

The snag landed in Mission's lap in the form of a demand letter from Prudential Health Care Plan, Inc., requesting $5 million in retroactive payment to cover a 20 percent increase in prescription drugs. According to Jack Groover, M.D., former CEO of the company, the only conceivable way for the company to survive was for Prudential to crank its reimbursement rate up 5 percent, to the level Mission received from its five other contracted HMOs.

"Providers were willing to take a decrease in reimbursement," Groover said, "only if Prudential would share in [providing a higher reimbursement]."

However, Prudential was not willing to give Mission, which was owned by North Florida Physicians Association and Baptist St. Vincent's Health System, that extra 5 percent. "Not without a financial prospectus from a third party auditing firm," said Jim Higgins, executive director for Prudential-Health Care Jacksonville.

"I feel very sad," Groover said. "I put my heart and soul into this. It's

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very depressing...Often, it's one little thing that does you in."

Yet, the former administrator said he understands Prudential made a "pure business decision," although he thought it might have been denied because of Aetna's interest in acquiring Prudential.

"We believe they still would have made a profit," he said.

Beverly Pascoe, Mission's CEO during the transition, said Prudential's comeback of wanting a financial prospectus was a clever excuse to deny Mission's request.

"We did bring outside review," she countered. Mission hired Ernst & Young LLP to provide what she called "a high-level review."

"We did not do this for them," Pascoe said. "This was a very high-level review to help us understand whether our numbers were on track." By Ernst & Young's findings, Mission could have remained solvent if it received a 5 percent increase from Prudential, as Mission laid out in its contingency plan.

Unfortunately, Mission did not have time to conduct a full-blown audit, Pascoe said, and the company wanted to ensure some funds were left over to take care of costs if the integrated delivery system decided to file for bankruptcy.

The day came on July 2, when the Mission knew it had no prospects of increased revenues.

"We knew we would rather unwind if they (Prudential) were not going to increase what they paid us...We never dreamed [prescription drugs] would go up 20 percent in a year," Groover said.

Now, Mission, which had 150,000 lives in Florida, has an estimated $35 to 50 million debt, Pascoe confirmed. She said Mission preserved $14.5 million in cash to ensure that creditors were compensated in some way.

Already, 133 employees have been let go. The remainder will process claims and complete the administrative functions to close operations. While the company winds down, members of HMOs that contracted with Mission will have their future claims handled by the individual HMOs.

Risk brings rewards, conflicts

Just three months ago, Groover was touting Mission's accomplishments in disease management, as he reflected on the first year of Mission's risk arrangement with Prudential. During the five-year contract, Mission was to assume the risk, handle utilization review and pay claims. Prudential was to oversee marketing and quality assurance.

"For the first time, we'll be able to track the patient's illness," Groover said, and assign a case manager to follow up.

In looking back now, he said, "I think we managed lives fairly well. Our long term goal for all this was to design a better system to be able to determine what kind of care our patients needed."

Some doctors, according to a previous report, may have some doubt as to how well claims were handled. In early May, two Jacksonville physicians did share some problems receiving an accurate count of capitated patients, which was a problem shared by both Mission and Prudential.

According to Eric Haas, M.D., a Prudential provider and chairman of Baptist/St. Vincent Primary Care in Atlantic Beach, not all 82,000 lives were entered into Mission's records.

Both Prudential and Mission still had to figure out which patient files were active and which doctors were assigned to which patients for capitation purposes.

"Ten percent of my practice [of three physicians] is being researched," said Haas, a board member of the IPA. "Our office spent an enormous time diving through lists. We knew [patients] hadn't disenrolled."

Dale Boyd, M.D., a family practitioner for Baptist/St. Vincent Primary Care at Fleming Island, said he increased overhead to investigate the discrepancies. At the time, he said he was optimistic.

In reviewing claims in June, he said he recognized a 20 percent difference in what Prudential and Mission's numbers were in enrollments.

"In looking at the numbers they kind of were all over the place," Boyd said. With that in mind, Boyd said he is not sure how accurate the amount Mission owes to Prudential might be. Currently, it is estimated that Mission owes Prudential $9 million, which is disputed by Mission.

The capitation problem is one reason Mission is disputing the amount owed to Prudential, said Pascoe.

Boyd, who was on the pharmacy committee, recognized that going from $11 per member per month to $20 per member per month for prescriptions really put Mission in a tail spin.

"It's a mystery as to where the number came from," Boyd said.

He regrets how the increase has impacted Mission.

"I think Mission:Health had a viable concept," Boyd said. "They got caught and didn't have enough time to make a change."

Mission not alone

Despite capitation problems, what did Mission in was an enormous increase in prescription rates and technology, which has rocked many health systems that are involved in risk arrangements, industry experts say. These increases have triggered an exodus of health systems getting out of the risk business.

Martin Memorial Health System, based in Stuart, is one of them. It announced July 1 that it will withdraw from its risk contract with Florida Health Choice (FHC) before the end of the year.

"We are not alone in finding that hospital and insurance company combinations are troublesome," said Richmond M. Harman, president and CEO of Martin Memorial. Paying for prescription increases and care provided at other facilities are just a couple reasons why Martin decided to get out of its contract, which began in 1997.

"There is a distinction between payer and provider," said Ed Maas, a health consultant for The Maas Group. Anymore, he said, there is no potential for a great return. Instead, they have additional concerns. "They have created more headaches and discrepancies." ◆