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\$1 Million Mark in Recovered Payments for Health Care Providers Reached by DMHC

*Provider Complaint Unit in existence for just over two years; launching new program to
independently review provider claims*

(Sacramento) – More than \$1 million has been paid to California doctors and hospitals in just over two years through the Department of Managed Health Care’s (DMHC) Provider Complaint Unit (PCU). The PCU was established to help health care providers recover the additional money from health plans when medical claims are not properly paid. Since the DMHC began its efforts, nearly 5,000 complaints and payment disputes have been handled, resulting in either recovered payment or changes in the way that health plans pay them.

“Doctors and hospitals now have a powerful weapon to help them in getting fair payment from health plans,” said Cindy Ehnes, Director of the DMHC. “Our provider complaint unit has made great progress in a short time, fulfilling our commitment to make sure that these dedicated health care providers can continue to provide valuable care to Californians.”

In addition to recovering disputed payments for providers, the PCU has levied more than \$650,000 in fines to plans which have not properly paid claims in violation of state law. These include two fines totaling \$350,000 against Health Net in 2005 for making incorrect payments to emergency doctors and contracted health care facilities, \$200,000 against Blue Cross for failing to properly pay interest and penalties on late claims, and \$50,000 against Blue Shield for making payments directly to patients instead of providers.

The DMHC has also announced the launch of a new independent review process that will offer health care providers a fast, fair, and cost effective way to resolve claim payment disputes

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without having to go to court. This review system will not only offer an additional payment remedy for providers, but will also help in the DMHC's on-going effort to protect health care consumers from being caught in the middle of payment disputes.

Currently, some health care providers will send a patient the bill for the difference between what they believe they should be paid for services and what they actually are paid from the health plan. This practice is known as balance billing. In October 2006, Governor Schwarzenegger directed the DMHC to take steps to limit this practice, but also find ways to help providers recover fair payment. The newly-launched independent review system will help to enhance the PCU's efforts to resolve such disputes and determine the fair value of non-contracted emergency services.

Solving payment disputes on behalf of health care providers has been a high priority at the DMHC since Director Ehnes assumed the post in March 2004. Legislation had been passed in 2000 to establish claim payment standards but it did not specify the methods that the DMHC use to accomplish the goal. Under Director Ehnes, the Provider Complaint Unit was established to investigate reported payment problems, analyze trends, and recommend enforcement action, including fines, when necessary. This action has exceeded the requirements of the law and earned the DMHC kudos from the provider community.

"What we struggled to obtain from the health plan over the past year and a half [the PCU] was able to get for us within 30-40 days," said Barbara Massey, CEO of San Diego Pacific Oncology and Hematology Associates, a health care provider group.

The California Department of Managed Health Care is the only stand-alone HMO watchdog agency in the nation, touching the lives of more than 21 million enrollees. The Department has assisted more than 633,000 Californians resolve their HMO problems through its 24-hour Help Center, educates consumers on health care rights and responsibilities, and works closely with HMO plans to ensure a solvent and stable managed health care system.

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