OCH Health System

OCH Springfield
North Clinic Campus
2828 N. National
Springfield, MO 65803
417-837-4000

OCH of Gravette
1101 Jackson St. SW
Gravette, AR 72736
479-787-5291

Senator Rob Schaaf
201 W Capitol Ave., Rm. 423
Jefferson City, Missouri 65101

Monday, April 24, 2017

Senator Schaaf:

I understand that you stand opposed to the May 1st launch of Medicaid Managed Care. I hope you succeed in stalling it—if not killing it. There is a very real probability that it will result in the closure of all our Springfield area clinics if not our entire organization.

As you may remember, Ozarks Community Hospital is a health system made up of mostly primary care physicians. We have three large "urban" clinics in Springfield and Nixa, a dozen rural health clinics in southwest Missouri, northwest Arkansas and northeast Oklahoma, and a critical access hospital in Arkansas. We employ about 100 individual providers. You may remember we used to have a hospital in Springfield. Last August, CMS closed our hospital in Springfield because, according to CMS, we had become a primary care clinic organization with too small of an inpatient census to satisfy the federal definition of a hospital as being primarily engaged in providing inpatient care. We are appealing the decision but, in the meantime, the clinics no longer get financial support from the hospital operation.

OCH is a safety-net provider. About 90% of our patients are covered under a governmental benefit program or are uninsured. We provide about 200,000 annual clinic encounters—about 35% of which are Missouri Medicaid. We are excluded from most commercial insurance companies in Missouri (no any willing provider law). We fare better in Arkansas which has both an AWP law and expansion of Medicaid under the Affordable Care Act.

We depend more on Missouri Medicaid revenue than any system in southwest Missouri. We have some experience with Medicaid Managed Care from patients in Polk County which has been under Medicaid Managed Care for several years. We also have a great deal of experience with Medicare Managed Care. In the list of issues which follows, I pledge to you I am not exaggerating the issues or the consequences:

- Despite the fact that OCH is always promised that the managed care product will not steer patients away from the OCH doctors our patients have developed relationships with over the years, the reality is that patients are torn from their providers and assigned to providers in other systems who frankly don't want them. It has been true of Medicare Managed Care. It will be true of Medicaid Managed Care. This result is true regardless of the promises made by the politicians and the rules requiring otherwise. The commercial insurance companies routinely do not follow those rules and do not respond when we call it to their attention. For example, we were for many years the only organization in southwest Missouri which contracted with Tri-Care. When UHC got the contract a few years ago and stated it would administer claims with its existing commercial insurance network, we publically protested that we would end up being treated as out of network. We were assured that would not happen. Many of our physicians were immediately treated as out of network; we lost a significant number of patients we had treated for years; and it took UHC more than two years to respond and fix the issue.

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- Governmental Managed Care companies do not pay clean clams as promptly as traditional Medicare or Medicaid—and please tell your fellow politicians that, despite the common rhetoric, commercial insurance companies are many orders of magnitude weaker at auditing and finding true fraud that the government. Commercial insurance companies routinely deny claims because they know that a certain percentage of those clean claims will never be re-filed by the providers. The more difficult they make claims processing, the more profitable they become. We anticipate average payment of claims to increase by at least 30 days—but that will only be true when the new system is actually running smoothly which will take a year or more. In the meantime, they will not pay claims at all and we will not have enough cash to meet payroll.
- The UHC Medicaid Managed Care contractor has not yet extended contracts to us. None of our providers are enrolled. We have no idea when it will get around to doing so. This kind of thing is common with commercial insurance companies. They will use this delay as an excuse to delay processing claims.
- We are barely surviving as it is. We will not last 30 days without our normal Medicaid reimbursement. The legislature is about to hear a very ugly story coming out of Springfield. There are not enough physicians in the area to replace the 100,000 clinic visits OCH provides in Springfield and Nixa. People are literally going to die. OCH specializes in caring for a difficult, at-risk patient population. We have been doing so for almost two decades. Those patients will not receive appropriate care when they inevitably hit the area hospital emergency departments.
- I assume the legislature understands that the substitution of commercial Medicaid Managed Care patients for traditional Medicaid patients has a material negative consequence on rural health clinics and critical access hospitals. Not only do the normal "cost reimbursement" rules not apply to these converted Medicaid patients, but the reduction in overall governmental patient payor mix can move a facility from barely breaking even to experiencing strongly negative cash flow. We have a bunch of rural health clinics in Missouri and Medicaid is our largest payor. Our CAH in Arkansas is so close to the Missouri border that we see more Missouri Medicaid in that hospital than Arkansas Medicaid.
- History tells us that governmental managed care will cost taxpayers more, will provide less care and will pay providers less than traditional governmental programs. As far as I can tell, the only two players who benefit from Medicaid or Medicare managed care are the insurance companies and the politicians who accept money and gifts from insurance companies. It is infuriating to read statements from insurance companies bragging about their profits from their governmental managed care business in their statements to their shareholders—particularly when politicians make no mention of that profit margin when campaigning on promises that private managed care is somehow a better deal for taxpayers.

We need your help. We are not going to make it. What can we do to help you push back this week?

Paul Taylor

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