



BCN Update

May 2010
UOP, LLC
UOP Utilization Management
Committee

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Substantial Increase In Hospital Costs Causes Large Deficit In 2009 UOP-BCN Settlement

Dear Colleague:

As you know **we have experienced a \$3,748,481 deficit in the 2009 UOP-Blue Care Network Contract** due to a significant increase in expenditures for inpatient services.

In order to determine the exact cause of the deficit, UOP Physicians recently met with representatives from BCN. The financial **data provided by BCN clearly indicted the most significant factor causing the \$3,748,481 deficit was a 44% increase in the cost per admission at Oakwood Healthcare System Hospitals from 2008 to 2009.** This 44% increase occurred despite the fact that the number of admissions slightly decreased from 722 to 720 and the patient case mix only slightly increased.

Over the last several years UOP physicians have continually improved their quality scores, their generic utilization rate, and are practicing cost effective medicine; however, **due to the increase in hospital costs, we will not be eligible to receive any surplus funds and even more significantly, we will forfeit all of our 2009 withhold funds to partially offset the deficit.** (Thankfully, per our contract, this deficit will not impact the quality incentive monies BCN provides, and we anticipate receipt and distribution of 2009 quality incentive monies this summer. Please continue your good work with practicing quality medicine and remember to check your scores on Health e Blue.)

We have advised Oakwood Healthcare that our physicians are very unhappy with this situation and we have invited William Isenstein, Oakwood's Vice President for Managed Care, to meet with the UOP Contracts Committee to address this matter in the hope of reaching an agreement whereby pricing adjustments for inpatient services can be implemented for patients of UOP physicians.

Sincerely,

UOP Utilization Management Committee