

Michigan Society of  
Anesthesiologists



House Health Policy Committee Chair Rep. Vaupel and Committee members,

We sincerely thank you for the opportunity for the Michigan Society of Anesthesiologists (MSA) to testify on October 17<sup>th</sup> regarding the surprise billing legislation, House Bills 4459-4460 and House Bills 4990-4991. Since that time, a situation has occurred, which is exactly what physicians in attendance of the hearing on the 17<sup>th</sup> stated was their concern with the current legislation.

One of our anesthesia practices received the attached letter notifying them the insurer was dropping the doctors from their network. This medical practice had been a participant within the network for over 13 years. About five weeks ago, this insurer had met with the practice to suggest opening negotiations for their contract due to the fact Lansing is considering legislation which would statutorily set prices for out-of-network providers, at levels lower than negotiated contracted rates.

Then within the last week and a half, the insurer sent notice of their intent to terminate the contract starting February 2020 (see attached). This deliberate action by the carrier will create an out-of-network problem where none previously existed. It illustrates the concern raised by our testimony and shows that even the consideration of the legislation has affected the marketplace.

The MSA is concerned that patients ultimately suffer when providers are dropped from networks, which is why we continue to argue that any solution to surprise billing needs to be a balanced approach to the problem.

Thank you for the additional opportunity to submit this letter, we look forward to continuing to work with all of you on a comprehensive solution to surprise billing.

Sincerely,

Roy Soto, MD  
MSA President

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October 23, 2019

[REDACTED]  
Executive Director

[REDACTED] Anesthesiology, P.C.

[REDACTED] St. Suite [REDACTED]

[REDACTED] MI 49[REDACTED]

Re: Notice of Intent to Terminate Contract

Dear Mr. [REDACTED]:

Priority Health values its business relationships with [REDACTED] Anesthesiology, P.C and [REDACTED] Anesthesiology, PLC. We appreciate your willingness to meet recently with Brenda Khoenle and Rick O'Donnell to discuss ways to favorably impact our overall cost of anesthesiology services. Unfortunately, despite best efforts, past and present proposals have not been practical for the purpose of immediately reducing the overall cost of anesthesia services for our customers.

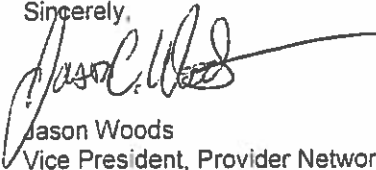
We believe that the network participation agreements with [REDACTED] Anesthesiology, P.C and [REDACTED] Anesthesiology, PLC lack sufficient value to our customers. Therefore, in accordance with Section 4.2 of both the Physician Group Practice Participation Agreement (HMO) and Physician Practice Group Participation Agreement (PPO), we are notifying you of our intent to terminate these contracts as of February 1, 2020.

Please be advised that during this interim period, Priority Health will be meeting with appropriate executives within [REDACTED] Healthcare and [REDACTED] Medical Center, as well as [REDACTED] Health [REDACTED], to explain our decision to terminate our agreements. We are considering having similar meetings with key employers and health benefits agents. We are confident that they will understand the competitive disadvantage under which we are operating in the marketplace, as well as the extraordinarily high rates we are currently paying for anesthesiology services [REDACTED] of charges).

Priority Health remains open to engaging with [REDACTED] Anesthesiology for the purpose of achieving mutual agreement on payment terms, prior to the expiration date of our contract. I am enclosing for your reference proposed amendments to our current agreements, that would set the payment rate in accordance with the Priority Health standard fee schedule, which is published on our website.

If we are able to come to a mutual agreement prior to the expiration date of our agreement, Priority Health will retract this termination letter and execute the amendments as of the stated effective dates. I look forward to hearing from you with respect to your interest in continuing our conversation.

Sincerely,



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