



Network Physician Health Insurance Plan Merges to Boost Potential for Stable Rates, Greater Options

The Robert Wood Johnson Health Network-sponsored health plan, the Affiliated Physicians MEWA Health Plan, is partnering with health care providers statewide in an effort to offer Network physicians optimal cost stability and broader health and dental plan offerings. Administered by QualCare, the new statewide MEWA partnership became effective January 1. The combined plan increases membership to more than 3,500 physicians in 500 practices, offering office-based physicians medical and dental coverage for themselves, their families and their employees.

In addition to the Network, the partnership includes the St. Barnabas Physician Partnership Health Plan, the Atlantic Health System, Saint Clare's Health System, Trinitas Hospital, Meridian Health System, St. Joseph's Regional Medical Center, The

MEWA has kept increases to 10% or less annually, and the larger membership pool can further insure premium stability and keep annual increases as low as possible.

Medical Society of New Jersey, Hackensack University Medical Center and New Jersey dentists who participate with the Delta Dental Plan, which is the Plan's dental carrier.

The economies of scale and risk reduction resulting from an expanded membership offer a greater potential for cost stability and savings. According to QualCare, many health insurers have increased premiums from 10% to 30% each year. Since it was established four years ago, the Network's MEWA has kept increases to 10% or less annually; the larger membership pool can further help ensure premium stability and keep annual increases as low as possible. Importantly, the larger plan helps avoid wide cost fluctuations, which, according to QualCare, have been a concern for physicians attempting to anticipate and project their healthcare budgets.

"Physicians tell us that this was their number one complaint about other insurance plans," said Dawn Wright, QualCare administrator. "There was no consistency (in costs) from year to year, and physicians couldn't budget or plan for them."

In addition to affordable premiums and rate stability, the physician-friendly model offers advantages to physician

providers with higher reimbursements for treating patients enrolled in the MEWA as compared to other health insurance carriers. Also, the MEWA offers the prospect of annual refunds. For each completed plan year thus far, the MEWA provided refund checks at about 5%. These refunds, according to QualCare, significantly offset any modest cost increases.

By Physicians, For Physicians

Unlike other commercial healthcare insurance administrators, the MEWA plan is managed by physicians and healthcare executives. The plan is experience-rated and members actually have a say in how their health plan is managed.

Physicians with concerns and questions can speak directly with a plan physician and be assured that the issue will be taken up with the Board of Trustees.

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Physician requests were instrumental in prompting new options and greater access for all members to all physicians in the QualCare network. They also fueled the creation of an out-of-state wrap-around program for physicians who seek care in New York or Pennsylvania. Physician input also resulted in a waiving of the \$250 deductible for admission to a plan-sponsored hospital for all physician members.

For information on the new Affiliated Physicians Health Plan, call 888-670-8135 (press option 6) or email at mewasales@qualcareinc.com

NEW HEALTH PLAN OPTIONS

The Affiliated Physicians Health Plan offers five plan designs with a built-in Prescription Drug Card Program and two optional offerings for dental and out-of-state care:

- Open Access Point-of-Service (POS) Plan
- Network Only Plan
- High Deductible Plan
- Facility High Deductible Plan
- PPO Plan
- Optional Dental Plan through Delta Dental
- Optional NY/PA Wrap Around Network

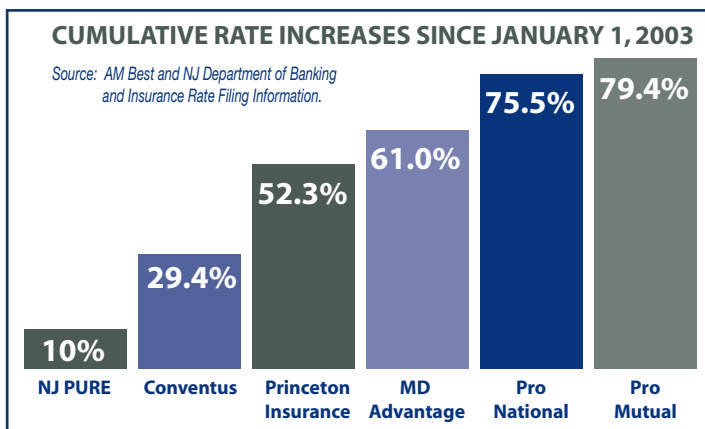
Network Unveils New Risk Retention Plan; Goal to Stabilize Malpractice Rates

The RWJ Health Network will launch a new captive insurance program for self-insured hospitals to help stabilize malpractice rates. The new plan reflects a statewide and national trend towards hospitals uniting in efforts to improve physician malpractice rates.

The program will begin in the first quarter of 2007. Interested and eligible Network physicians will receive a prospectus that fully describes the program and its benefits. Network hospitals currently eligible include CentraState Medical Center and Robert Wood Johnson University Hospital at Hamilton.

Taking Aim at Spiraling Rate Increases

Malpractice fees have increased an estimated 50% (ranging from 37% to 79% depending on specialty) over the past five years. Between 1994 and 2003, pre-



miums doubled to more than \$21 billion each year, and the typical award increased by more than 176% during that same period to \$1 million.

With more than 80% of all malpractice suits generated at the hospital level, the new captive program focuses on reducing defense costs arising from hospital-related suits through a joint defense model. Under the joint defense approach, physicians choose their legal defense team from a panel of lawyers pre-screened and identified by the captive hospitals and physicians. This co-defense strategy reduces costs by 15% to 30% through the sharing of:

- Document management
- Coordination of discovery
- Notification
- Coordination of legal research
- Investigation of damages
- Pooling of experts

In addition to reducing redundancies, the approach also avoids finger-pointing between co-defendants, which can undermine the defense strategy, potentially lighten the plaintiff burden, and drive up verdicts. If a physician ultimately insists on a separate defense, the program will accommodate. For additional information, physicians should contact hospital administration.

RWJ Health Network Updates

- *Robert Wood Johnson University Hospital named hospital administrator and Chief Operating Officer Steven Jones as its interim President and CEO after Clifton Lacy, MD, stepped down from the position. A national search is underway for a replacement as Dr. Lacy, also a former NJ health commissioner, starts the new Institute for Disaster and Terror Medicine.*
- *Children's Specialized Hospital, Mountainside, was named one of the Best Hospitals, Pediatrics in New York Magazine's annual Best Hospital rankings.*
- *CentraState Medical Center is among the first centers in the country to offer arthroscopic hip surgery, a new minimally invasive procedure that allows orthopedists to treat hip conditions with technology similar to that used in knee and shoulder arthroscopy. Alan Nasar, MD, and Michael Greller, MD, of Western Monmouth Orthopedic Associates, performed the hospital's first hip arthroscopy.*
- *CareOne at Raritan Bay Medical Center, a long-term acute care facility is the first long-term acute care hospital in New Jersey to achieve long-term care accreditation from the Joint Commission on Accreditation of Healthcare Organizations.*

The Physician Coordinating Council is comprised of the medical leadership of the Robert Wood Johnson Health Network members which include:

- Bayshore Community Health Services, Inc.
- Carrier Clinic
- CentraState Healthcare System
- Children's Specialized Hospital
- Raritan Bay Medical Center (Perth Amboy and Old Bridge)
- Robert Wood Johnson University Hospital (New Brunswick, Hamilton, and Rahway)
- UMDNJ-Robert Wood Johnson Medical School (New Brunswick)
- Eric B. Chandler Health Center
- Henry J. Austin Health Center
- Plainfield Health Center
- VNA Community Health Center
- Presbyterian Homes & Services, Inc.

It is the only health care network in New Jersey to include a medical school among its partners.

Please direct questions about any information contained in PCC Pulse to your chief medical officer or the Network's Director, Clinical Integration lois.dornan@rwjuh.edu.