

MEMORANDUM

TO: Colorado Medical Society
FR: Benjamin Kupersmit
RE: CMS Membership Survey: Insurance Company Mergers
DT: February 16, 2016

CMS members resoundingly reject the proposed mergers

- By a 68%-5% margin, CMS members oppose allowing the mergers to proceed (including 48% who “strongly” oppose), with 28% saying “neither” or “not sure.”
 - Among those in active practice, 73% are opposed (54% “strongly”).
 - **Among decision makers (physicians who participate directly in contract negotiations with insurers), opposition stands at 79%, including 63% “strongly” opposed.**
 - Opposition runs strong across Colorado, as well as among different specialties and practice settings.
- Nearly all decision makers (who make up one-third of CMS members, and are largely concentrated among office-based, smaller specialty care practices) believe **contract negotiations would be less favorable** to physicians, with 85% saying as such, including 63% saying “much less” favorable.

Physicians expect higher premiums, less patient access if mergers are approved

- Specific impacts that CMS physicians expect from the mergersⁱ include **higher premiums** for subscribers (75% say this will “definitely” or “probably” happen), **reduced patient access to needed care** (72%), **lower reimbursements** for providers (72%), more physicians pushed to an **employee role** (67%), **reduced collaboration** in patient care from payers (66%), more **small practices out of business** (66%), physicians forced to spend **less time with patients** (62%) and **reduced investments** in practice infrastructure (58%).
- If the mergers were allowed to proceed, 44% of decision makers expect to **reduce staff** or staff salaries, 35% would be forced to **cut investments** to practice infrastructure, 32% would need to reduce the **time they spend with patients**, 24% would need to close their practice and **become an employee** of a large group or hospital, 15% would **move to another locale** with competitive reimbursement and 13% would **retire** from active practice.

Insurers currently exert significant market power over physicians

- A majority (59%) of CMS members, and 80% of decision makers, say they must contract with Anthem “to have a **financially viable practice**,” with majorities saying as such regarding the other commercial insurers we probed (for example, 53% of all members and 69% of decision makers feel they must contract with CIGNA as well).
- Just 5% agree they can “turn away from an insurer and **compensate for that lost revenue** by treating more Medicare/Medicaid patients,” with 79% disagreeing (including 63% “strongly” disagreeing).
 - Among decision makers, 93% disagree, including 75% “strongly.”
- Nearly one-half of decision makers (47% on average) have seen “**take it or leave it**” offers from insurers, and a similar percentage (44%) say they have seen “**all products clauses**” in contracts.
- A previous CMS survey on provider networks revealed that one-half of CMS members (47%) have encountered payers who **reject claims** “without clear explanation,” 40% have seen **unnecessary delays** to “time sensitive referrals,” and 36% have experienced “**phone messages not returned** in a timely fashion.”
 - One-third (33%) have **hired new staff**, one-quarter (28%) have **increased hours for current staff**, 19% have increased use of an “**outside billing company**,” and 16% have increased use of “**collections agencies**” in response to the narrowing of provider networks.

“In short the industry already uses every tiny advantage to sabotage clean claim payments to physicians and limit patient access to promised benefits. Limiting the competition between insurers with giant mergers will only worsen this crisis.” – CMS Member Physician

Methodology

This survey was conducted online by the Colorado Medical Society. It includes 597 fully completed surveys, including 153 interviews with decision makers (those who are directly involved in contract negotiations). We also had 138 members partially complete a survey; these results are included in the tabulated results as well. The margin of error for the entire sample of 597 is $\pm 4.01\%$, and for the sample of decision makers, it is $\pm 8.3\%$, at the 95% confidence level. Surveys were gathered from December 29, 2015-January 21, 2016.

ⁱ Questions were asked regarding both the Aetna-Humana merger and the Anthem-CIGNA merger. Attitudes on these questions did not vary significantly between the two mergers; the data is presented for the Anthem-CIGNA results.