To: All Providers

Health Care Reform

As you know, health care reform is currently at the forefront of American domestic policy debate and it’s important that you know where BlueCross BlueShield of Western New York stands on this issue.

We believe that everyone should have access to high quality, affordable health care and support the enactment of reform this year. However, we are concerned about the impact of a potential, new government health plan option on the employer-based system that is already working for 160 million Americans. A bill recently released by three committees of the U.S. House of Representatives includes a government-run plan that would pay providers based on Medicare rates (plus five percent for physicians and certain other providers).

According to the Lewin Group consulting organization, a new government plan would result in significant losses in membership for private insurers—from several million to as many as 114 million people—because private insurers could not fairly compete on cost.

Why this matters to you
As a provider, this has important implications for you:

- Medicare currently underpays doctors by 20 percent and hospitals by 30 percent. Even if the government plan initially reimburses at rates higher than Medicare, budgetary pressures would eventually force the rates down.
- According to estimates by the Lewin Group, the proposed House bill would cause hospital net income to drop by more than 60 percent and physician income to fall by over $11.5 billion within three years.
- The loss of revenue may make it difficult for physicians to accept government plan patients. Today, nearly one-in-three Medicare beneficiaries surveyed report problems finding a doctor that will take Medicare patients.

A government plan would jeopardize delivery system reforms critical to controlling costs. It took Medicare 30 years to cover preventive care and 40 years to cover outpatient drugs.

If we are to make health care reform about quality as well as cost, we must reform and build on the current system and your voice is critical in this evolution.

Congress is making important decisions about the government plan now and BlueCross BlueShield encourages you to write to your members of Congress to express your concerns. You’ll find congressional contact information and suggested messages at http://www.gethealthreformright.org.