

**House Federal Workforce Subcommittee**

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**Testimony**

**Regarding changes in Blue Cross Blue Shield Standard Option Plan**

**By**

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Chairman Davis, Ranking Member Marchant and Members of the Subcommittee, I want to thank you for the opportunity to be here today. My name is Peter Petrucci. I am Board Certified in General Surgery and am currently serving a four year term as president of the Medical Staff at Sibley Memorial Hospital. I have practiced medicine in the District of Columbia since 1975 and am here today representing my patients and colleagues.

On January 1, 4 million federal employees (nearly half of the federal workforce), will face drastic changes to their health insurance policy. In addition to a 13% increase in premiums, out-of-network benefits for Federal Blue Cross Blue Shield Standard Option plan holders will be severely curtailed, affecting anesthesia, emergency and surgical services, and placing a significant financial burden on patients.

These changes are particularly relevant for federal employees already signed up with BCBS as their health insurance provider, since they will be automatically renewed for 2009 unless they switch to another plan. With expiration of the open enrollment period on December 8<sup>th</sup>, in less than one week, there is little time to explore options, and immediate extension of the open enrollment period should be implemented.

As a health care provider, I understand the need to control our large and growing healthcare costs. I also understand that establishing equitable and affordable care will be complex and require compromise on the part of consumers, providers, and insurers. But the new policy change by Blue Cross Blue Shield adds

an alarming wrinkle to cost containment, by eliminating choice and putting the financial burden squarely on the patient.

The changes to the Federal BCBS policy drastically reduce a patient's choice regarding their healthcare provider. These changes make it financially prohibitive for the majority of patients to obtain surgery and many commonly performed procedures from the doctor of their choice. They will instead be forced to obtain such services by "participating providers" who have contractual agreements with BCBS.

The most egregious of this plan's 2009 "benefits" has to do with patients' choice of physician for surgeries. Effective January 1, 2009, any patient who has surgery or any of the other listed procedures by an out-of-network (or non-participating) provider, is 100% responsible for the first \$7,500 of charges.

This is not a one-time "deductible" expense. The \$7,500 patient "responsibility" clock is reset with each surgery or procedure. More surprising, and buried in the 135-page plan document, is the policy's definition of "surgery". It is defined to include the treatment of fractures and dislocations (including casting), biopsy procedures, removal of tumors and cysts, treatment of burns, obstetrical care including childbirth, and diagnostic colonoscopy and other endoscopic procedures.

Another disturbing provision of the new policy is a \$350 charge for emergency services when they are provided by a non-participating physician.

Patients will be financially responsible for consultations, rendered in an emergency, when performed by a non-participating provider, even if such a doctor was not chosen by the patient. Acutely ill patients do not have the luxury of selecting their provider in an emergency situation. Yet that is precisely what will be expected and required. This \$350 fee is passed on to the patient for each and every consulting provider who does not participate in this plan.

This new policy change in effect converts the Federal BCBS Standard preferred provider option and point of service care plans to an HMO plan, by making the out-of-network costs prohibitive and limiting choice, for the vast majority of patients.

Unfortunately, with rare exception, patients will be caught unaware of the significant benefits cuts. Regrettably, the Office of Personnel Management (OPM) appears to have contributed to this confusion by having abdicated their responsibilities to the 4 million Federal employees and their families covered under this plan. There are a substantial number of patients, who informed about these changes, have become angry and frustrated. Without legitimate and transparent disclosure, the 2009 BCBS Standard plan eliminates choice and transfers financial responsibility directly onto the patient, even during an emergency, and all without being clearly disclosed. Only in the last few days, after mounting pressure from angry patients and concerned physicians, were "Important Clarifications" posted on the Federal Blue Cross Blue Shield Web Page.

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To advocate on behalf of our patients, I would like to make the following recommendations:

- Immediately extend the open enrollment period to ensure the rights of Federal Employees to explore and fairly exercise their right to choose a health plan that is best for them.
- Restore to patients the right to choose their doctor without making it financially prohibitive. This can be achieved by BCBS rolling back their benefits plan with respect to out-of-network providers for anesthesia, surgery, endoscopic procedures and emergency room care to at least the 2008 Standard option plan.
- Have OPM establish a transparent and comprehensive outreach information campaign that ensures clear explanation of various plan benefits and the difference between plan costs and services.
- Explore the process by which OPM, directly responsible for representing their employees, betrayed their very charge by acting to negotiate and purchase, as well as regulate the provision of health care benefits. These roles put OPM in a conflict-of-interest position. There should be a separate body, including consumers and physicians, which would oversee that the vetted products submitted to OPM fairly represent the plans benefits and changes, and ensure all federal employees are aware of these changes. Without such separation of purchasing and oversight powers, the opportunities for continued and future abuse remain.

Instead of legitimately engaging the medical community to explore ways of lowering costs, BCBS has taken a hammer to the problem. In doing so, they will hurt the very patients they are supposed to serve.

Thank you for your time.