



## **BUTTE SCHOOLS**

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### **SELF-FUNDED PROGRAMS**

### **Enloe Medical Center has issued contract termination notices to Anthem Blue Cross Effective November 1, 2018**

*Note: The information below does not impact those Medicare-eligible retirees covered under BSSP's Companion Care plan.*

BSSP's medical benefits are provided through a partnership with Self-Insured Schools of California (SISC) and under a contract with Anthem Blue Cross.

Anthem Blue Cross negotiates with physicians, physician groups, hospitals and health systems to maintain a network of providers. SISC pays a fee to Anthem to access their networks. BSSP+SISC have a strong interest in monitoring contract renewals but do not negotiate directly with providers.

In most cases, the contracting takes place behind the scenes, agreements are reached with little discord, and SISC members are not aware of the process. In this instance, however, Enloe has already taken out a newspaper advertisement announcing that they have issued termination notices to Anthem. The ad states the notices were issued in order to renegotiate the commercial managed care contracts for Chico's local community hospital and its affiliated physicians and clinics.

This means that **if an agreement is not reached**, then as a result of their termination, **Enloe providers, including the hospital, outpatient surgery center, rehabilitation facility, Enloe physician practices, and other Enloe-provided services will no longer be part of the Anthem network and will be considered "non-participating" effective 12:00 AM on November 1, 2018.** This termination affects most people covered with Anthem, not just those covered through BSSP+SISC.

A large number of BSSP+SISC members access care on a daily basis from Enloe providers. Although negotiations continue, we believe it is important for everyone to be informed about what is happening well in advance of a potential contract termination.

#### **The Anthem/Enloe negotiations**

Anthem has informed us that they are concerned about the Enloe negotiating stance. Enloe has almost no competition in Chico area. The lack of competition gives Enloe more leverage in negotiations with payers like Anthem.

As it stands, health care costs already strain public school budgets and limit the funds available for employee salaries. In addition, many employees have moved to plans

with deductibles and out of pocket limits they may not be able to afford. Continued significant increases to the cost of health care are not sustainable.

Another concern is that Enloe seems to be willing to use a break in network coverage as a negotiating tactic. This would affect a large number of their own patients, community members and BSSP+SISC members. Based on past experience with healthcare providers who dominate in a particular region, a break in network coverage would cause a great deal of confusion and disruption for members seeking health care from Enloe physicians and facilities.

### **What happens if the contract is actually terminated?**

If Anthem and Enloe are not able to reach an agreement, then most patient care -- other than emergencies -- would be considered out-of-network and our members would be subjected to much higher out-of-pocket costs.

Transition assistance to ensure in-network continuity of care would be available for patients who are pregnant, undergoing a course of treatment, or who have obtained a prior authorization for services. As that time approaches, Anthem Customer Service would be able to assist these members.

*If you or an insured family member is planning an elective procedure with Enloe providers after November 1st, you may want to discuss those plans with your physician.*

Of course, we hope that Enloe will accept reasonable contract terms and there will be no disruption in service.

### **Where BSSP and SISC stand**

BSSP and SISC will be urging both Anthem and Enloe to negotiate in good faith. During past contract renewals, we've heard health systems blame Anthem for higher premiums, taking no accountability for rising costs. Sometimes providers even complain that Anthem is boosting their corporate profits while its customers' deductibles and co-pays continue to increase.

While SISC maintains impartiality in these debates, it is important for everyone to understand the biggest drivers of health care costs and what is at stake. *The number one reason premiums keep going up is because providers who lack competition have created monopolies and oligopolies that keep raising their prices. And every additional dollar we pay to a provider is one less dollar for public education.*

We depend on health plans like Anthem to play a constructive role in ensuring doctors and hospitals charge fair, competitive rates for their services.

Anthem's goal is to reach an agreement with Enloe that includes reasonable contractual language and reimbursement rates.

### **What happens next?**

We often find that negotiations between health plans and medical providers result in an agreement as a termination date draws closer. Our hope is that this will all end with an agreement giving BSSP+SISC members access to affordable, high quality health care from Enloe providers for years to come.

We will provide updated information as the termination date draws near or settlement is reached.

## It's Important to Remember...

- **Anthem Blue Cross does not set the rates for BSSP+SISC premiums.** SISC pays Anthem Blue Cross an administrative fee to maintain a network of affordable providers, process medical claims and provide customer service to our members.
- BSSP and SISC are neither insurance companies nor corporations. Both are public entity coalition, with SISC's membership of over 400 California public schools, joining together to reduce costs and spread risk over a large population. Both are staffed by public employees.
- Premiums are set by BSSP+SISC to cover claim payments made to hospitals, physicians, pharmacies, operation of the Health and Wellness centers and administrative costs.
- **About 95% of the premium is paid to health care providers for member claims.**
- **The #1 reason premiums keep going up is because health systems have created monopolies and oligopolies that keep raising their prices.**
- **And every additional dollar we pay to a provider is one less dollar for public education.**

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