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Anthem should join Mercy in putting patients first

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By Steve Mackin

At Mercy, we always advocate for our patients and our co-workers. That is our guiding principle for everything we do. All our work is focused on providing the best patient care.

After nearly a year of discussion and negotiation with Anthem Blue Cross Blue Shield, Mercy had to provide a written notice to end our provider contracts with Anthem in the state of Missouri as of Jan. 1, 2025, due to our 120-day notice requirements. While our dispute with Anthem over these contracts is in part a business dispute, there are principally two key elements of the patient care journey we are seeking to improve: reducing unnecessary red tape to make access to care easier for patients and improving collaboration to create better value for the communities we serve.

Reducing Red Tape

Anthem unfortunately employs a variety of practices that bind patients in red tape. Patients and their care providers must often navigate a series of challenges before Anthem will authorize care. These delays disrupt patient care and, in some cases, can create critical situations.

Anthem's complex processes also create difficulties for patients after they receive care. For example, we're required to notify Anthem if one of its members is admitted to one of our emergency departments within 48 hours of admission. If we don't, Anthem won't pay for the care. Emergency care, by definition, is unplanned. Not every patient rushed into our emergency departments has their insurance card handy, and the law requires hospitals to provide emergency services before inquiring about insurance. These rules only serve to shift responsibility for payment from Anthem to its patients or to be absorbed by health systems.

As one of our region's largest employers, we're proud to offer our employees health insurance benefits. In fact, Mercy pays directly for the care provided to our co-workers and their families—nearly 70,000 people. Anthem has been the administrator for our self-insured plan for nearly a decade. Unfortunately, we have heard loud and clear from our co-workers about their poor experience with Anthem as patients. Because of the negative impacts of Anthem's policies and practices on our co-workers and their families, we chose to move to a new plan administrator for 2025.

Today, Anthem's policies and unpredictable enforcement create unnecessary challenges for doctors and cause patients additional worry during some of the most trying experiences of their lives.

Collaborating to Create Value

Anthem also fails our patients—its members—with its lackluster and outdated approach to partnering with health systems like Mercy. Anthem intensely focuses on the price per service. We are advocating for a proactive approach to care that focuses on quality and keeping patients healthy and out of the hospital, as opposed to one that mostly offers sick care. This paradigm shift would drive greater value for patients and employers by creating the opportunity for better outcomes at lower costs.

This is why Mercy has invested so heavily in primary care, virtual care and innovative options that allow patients to receive support without having to come to a hospital. As we advance our care delivery model, Mercy needs collaborative relationships with insurers that put patients first. We seek insurers who recognize that the total cost of care is not just about individual procedural rates, but also the efficient delivery of high-quality care and the ease of access we provide to patients. As a

result of this approach, Mercy is the lowest-cost health system in Missouri by a significant amount. In the St. Louis region, Mercy has the lowest commercial pricing by 21% according to the NASHP Hospital Cost Tool.

As a nonprofit health system, Mercy provided more than half a billion dollars in free care in fiscal year 2023 and over \$377 million of that care is in Missouri (most recently available data). This free care includes traditional charity care, unreimbursed Medicaid and other community benefits. Mercy’s operating margin for fiscal year 2022 was -0.2% and 0.1% for fiscal year 2023.

Meanwhile, Elevance Health, the corporate parent of Anthem, reported a 24% increase in profits year-over-year for the quarter ended June 30, 2024—a net income of \$2.3 billion for the quarter. They also used a portion of their profit to purchase nearly a million shares of their own stock at an average price of \$524 a share—dollars that could have been spent helping patients and reducing the cost to employers.

That’s why we’re standing up and asking for changes to the way Anthem does business on behalf of 500,000 Missourians, who are covered by a number of Anthem insurance products and chose Mercy as their care provider.

Our current contract with Anthem does not meet the needs of our patients or co-workers. We’ve tried for a long time to negotiate with Anthem in good faith. We’re ready to get this done today, but we need Anthem to be responsive. We need them to do what’s in the best interest of the people we jointly serve, in the best interest of employers and in the best interest of the state of Missouri.

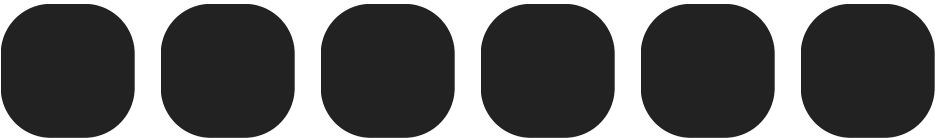
More information can be found at mercy.net/anthem.

Steve Mackin is president and CEO of Mercy.

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