



**BEAVER SPORTS MEDICINE**

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March 4, 2013

Dear Senate committee members,

I am writing for your support to help with correcting an inefficiency in the current health care payment model. I am a private practice physician, board certified, fellowship trained sports medicine orthopedic surgeon who practices in Corvallis, Oregon. BSM surgery center is an independent surgery center that provides care to patients in the mid-Willamette valley. We have acquired most contracts with both governmental and private payers, yet still cannot obtain a reasonable contract with Blue Cross Blue Shield/Regence. We have tried several times, but unfortunately the rates proposed were very low, to the point that we would struggle to pay the overhead for these types of cases. It is especially frustrating, in that the local hospitals are contracted to have these outpatient procedures performed there, yet will receive 2-3 times the facility fee, as well as have "carve outs" for implants, medications, nursing care, DME, etc. reimbursed on top of the facility fee. The national average is that surgery center payments, are 53% of what a hospital outpatient procedure is paid. For this reason, surgery centers have accepted patients with out of network plans which greatly increases the reimbursement for these cases. I will admit, that there are surgery centers that have abused this, yet most still are trying to perform the same procedure, same surgeon, and same overhead costs (staff, medications, supplies) for benefit of the patient, in a high quality, more efficient and less costly atmosphere.

A current practice of Blue Cross Blue Shield, is to directly pay ("reimburse") the patient for an out of network procedure performed at the surgery center. What typically happens, is the patient gets the check, they cash it and use it for current needs, and then when contacted from the surgery center for payment, state that they cannot afford to pay. This places the surgery center in a difficult situation, and when contacting Blue Cross Blue Shield about this practice, we are told that there is nothing they can do about this. Ultimately, most patients are sent to collections due to the inability to pay. This does not make any sense in a system where we are trying to improve the way health care is handled in this country. Many other surgery centers, as well as clinics have expressed this frustration as well, however, unfortunately to take time out of our busy schedules to come before meetings, boards, and congressional committees, is not available. There is no explanation as to why Blue Cross Blue Shield does this practice. Either way, they are paying an amount, but the patient receives that money as "reimbursement", not "income". The logic is that the insurance company is performing this maneuver,

to stop practices/surgery centers from taking care of out of network patients, with the realization that reimbursement will not be received for care. This has to stop, and is an unfortunate byproduct of the current methodology of how we provide health care.

In summary, I pride myself on performing high quality, efficient, informative and compassionate health care to my patients. I also have developed a surgery center where the same principles apply, while providing patients with a less costly alternative to the local hospitals. The reviews from patients are 100% in regards to the overall experience compared to a similar procedure at the hospital. The only goal is to work with the insurance companies, to obtain fair and adequate reimbursement to cover costs in regards to the surgical procedure. Hopefully, we can work together to accomplish this.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Wobig', with a long horizontal flourish extending to the right.

Ronald D. Wobig, MD

CEO Beaver Sports Medicine