

MACY'S INC. IS EXPANDING IN 1440 BROADWAY, on the northeast corner of West 40th Street, by leasing the entire 13th floor—roughly 36,000 square feet. The retailer already leases seventh floor new space, M 105,000 square building, which rent of \$57 a according to building own Properties. **See AT DEADLINE**

New ER procedure: bilking insurers?

Health plans

LENOX HILL HOSPITAL plastic surgeon Scott Glasberg has a thriving private practice on Park Avenue and a leadership role with the American Society of Plastic Surgeons.

He also works hours in the rough-and-tumble world of the hospital's emergency room, an unpleasant duty made more tolerable by the opportunity to treat patients whose health plans will pay above what he normally gets.

Though Dr. Glasberg says his bills are reasonable, health insurers say that many physicians are taking unfair advantage of a state law guaranteeing that patients' emergency care costs will be covered, regardless of whether the doctor is in a plan's network. As a result, insurers often pay non-network doctors far higher fees for emergency sur-

See INSURERS on Page 10



DR. SCOTT GLASBERG of Lenox Hill Hospital says there's nothing wrong with nonparticipating doctors billing health plans more, because most insurers pay doctors so little.

New York Business News Updated Throughout The Day at www.newyorkbusiness.com

Insurers bilked by ER docs

Continued from Page 1

gey than they pay their own network physicians.

Insurers say that in some group practices, a doctor will deliberately team up with an out-of-network colleague so that the nonparticipating doctor can pump up the bill on behalf of the practice.

For example, one major insurer said that it was charged \$75,000 each by the primary and assistant physicians in a back surgery case where the standard payment for in-network doctors would be \$3,652 and \$730, respectively. According to that insurer's data, of nearly 400,000 emergency room procedures for which it was billed in 2006, 35% were from nonparticipating doctors. "A percentage of doctors take advantage of us," a plan executive says.

"There are groups of ancillary physicians who prefer not to join networks, specifically so they can take advantage of the situation," says an Aetna spokeswoman. Most insurers wouldn't discuss the situation publicly.

It has reached the point where the state Department of Insurance is holding talks with insurers, consumer groups and doctors to come up with a plan limiting the amount an out-of-network doctor can bill for emergency care, perhaps by set-

WIDE PRICE RANGE

Differences in insurance payments for emergency procedure work, in-network and Medicare patients in New York state

SURGERY	OUT-OF-NETWORK PAYMENT	IN-NETWORK PAYMENT
Heart surgery	\$157,525	\$54,900
Back surgery	\$75,000	\$3,652

*In most comprehensive plans, insurers agree to pay 80% to 90% of out-of-network

ting a ceiling at a multiple of what Medicare pays for a particular treatment. DOI Deputy Superintendent Troy Oeschner says the department hopes to come up with legislation by next year.

Fair price

BUT THE STATE'S MEDICAL SOCIETY says that doctors aren't obligated to accept what the plans establish as a fair price.

"Doctors may believe the plans' fees are inadequate," says Donald Moy, the lawyer for the Medical Society of the State of New York. "They may be one of New York's pre-eminent surgeons who can command high fees. Or they may feel that there are too many hassles involved in joining a plan's panel. If they are out-of-network, they have

no obligation wants to pay."

The emergency issue results in Care Reform says insurers are required to pay "customary" fees for doctors who practice. The surcharge can be far plans pay in-

Generally, pay anywhere out-of-network they rarely pay remainder be poor. Insurers provoking a p excessive charge.

But there is an exception. Mr. Oeschner became aware of the issue

National problem

"THESE DOCTORS are taking millions of dollars out of the system," says a chief executive at one of New York's largest plans. "It's a national problem for us, but it's particularly pronounced in New York."

But to Dr. Glasberg, there is nothing wrong with nonparticipating doctors billing the plans more. He says most insurers are paying doctors so little that they depend on getting these higher out-of-network payments to cover their own expenses.

Rather than gaming the system, as the insurers charge, he says doctors are "playing the insurance industry's game. They forced us to."

Proposals to limit doctors' fees have been defeated in New Jersey, Connecticut, and California, but the plans keep reviving them, Dr. Glasberg points out.

Without the prospect of getting extra payment for out-of-network emergency care, Dr. Glasberg says, "no one would sign up to take emergency call. Why expose yourself to liability for such low pay?"

COMMENTS? GSScott@crain.com