Health Insurers to Face Fines for Not Correcting Doctor Directories

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By Melinda Beck

St. Louis dermatologist Madhavi Kandula is listed in a UnitedHealth Medicare Advantage HMO directory for 2016, although she opted out of Medicare 10 years ago and isn't eligible to participate in the program.

"We just tell patients it is an error and they let it go at that," said Dr. Kandula who said she repeatedly has asked UnitedHealth Group Inc. to remove her name from its Medicare directory.

A spokesman for UnitedHealth declined to comment on Dr. Kandula's case but said: "We are working to simplify how care providers update their data and how it is reported."

For now, such mistakes are an inconvenience for patients. Starting Friday, they could be costly for insurers. New regulations allow the Centers for Medicare and Medicaid Services to fine insurers up to $25,000 per beneficiary for errors in Medicare Advantage plan directories and up to $100 per beneficiary for errors in plans sold on the federally run insurance exchanges in 37 states.

States are imposing their own rules and sanctions.

In November, California fined Anthem Blue Cross $250,000 and Blue Shield of California $350,000, after a survey found that more than 25% of doctors listed in their 2014 state directories weren't at the given location or denied accepting those plans.

A spokesman for Blue Shield said it had paid more than $38 million in claims adjustments during the past two years, in part to cover surprise out-of-network bills. "We've been very diligent in trying to do the right thing and correct any misunderstandings that have been out there," he added.

An Anthem spokeswoman said it spent more than $4 million during the past two years in California making its directories more accurate and user-friendly.

Some customers are taking legal action as well.

Consumer Watchdog, an advocacy group, has filed lawsuits against four California insurers alleging "significant misrepresentations" in their provider networks that left patients stuck with out-of-network bills.

In one case, a California breast-cancer patient needed reconstructive surgery after a double mastectomy in 2014 but six of the eight plastic surgeons listed in her Health Net plan's directory said they didn't accept that insurance, another was on maternity leave and the eighth specialized in nose jobs, not breast reconstruction, the suit alleges.

"It's the Wild West out there for consumers who are trying to confirm that the plans they choose have the doctors they want," said Carmen Balber, Consumer Watchdog's executive director.

A spokesman for Health Net said the company doesn't comment on litigation and that it "strives to provide access to quality medical care and help our members navigate the health-care system."

Critics long have complained that health-plan provider directories are riddled with names of doctors who have died, moved, retired, changed affiliations, don't accept that insurance or aren't seeing new patients.

Insurers say it is up to providers to inform them of changes. They advise plan members to ask their doctors if they are in network, rather than relying on the directories.

Still, with penalties looming, many carriers have been scrambling to update their listings.

"Plans are calling doctors' offices by the day, by the hour, by the minute," said Clare Krusing, a spokeswoman for America's Health Insurance Plans. She noted, however, that "oftentimes providers won't call the plans back. Accuracy depends on both the provider and the plan being proactive."

Thomas Suk, senior director for health care at LexisNexis Risk Solutions, one of several data companies that offer to "cleanse" directories for insurers, said, "Directory management, which sounds so simple, is an absolute nightmare for payers."

Keeping directories up-to-date is difficult in part because relationships between doctors and hospitals are complex and frequently changing. Many physicians see patients in multiple locations and may be in different insurance networks at each one. According to LexisNexis Risk Solutions data, 30% of U.S. doctors change affiliations every year.

Meanwhile, the complexities of insurance contracts sometimes catch doctors off-guard. Some require contracted physicians to participate in any new plan the carrier offers without necessarily informing them, some allow insurers to lease their provider lists to other insurers, and some renew automatically even if a doctor hasn't filed a claim in years.

Dermatologist Summer Youker, who has practiced in Sacramento, Calif., since 2008, said she had no idea she was listed in UnitedHealth's Medicare Advantage HMO directory in the St. Louis area, where she taught medical students from 2003 to 2008.

"As an academician, you don't know anything about insurance contracts. The billing office does it all," she said.

St. Louis University notified UnitedHealth and other insurers in 2008 that Dr. Youker had left the school, according to an email viewed by The Wall Street Journal. UnitedHealth declined to comment on Dr. Youker's case.

Errors are particularly common with narrow-network plans that exclude some local hospitals and physician groups.

UnitedHealth cut Moffitt Cancer Center in Tampa, Fla., and its 279 physicians from its Medicare Advantage network in 2014. Nevertheless, its printed directory for 2016 lists "Moffitt Medical Group" among the available providers in five specialties.

Moreover, dozens of non-Moffitt doctors are listed as practicing at Moffitt's location, though a Moffitt spokesman said plan members would incur an out-of-network bill if treated there.

A spokesman for UnitedHealth said it removed Moffitt Medical Group from its online directory in November, and it is discussing the other listings with a local physician group.

Despite the new penalties, making sure directories remain up-to-date won't be easy.

The new CMS rules originally called for insurers to contact all network providers every month to verify listings. The agency revised that to quarterly, after opposition from insurers and doctors.

"The last thing physicians want is for hundreds of health plans to call them every month," said Anders Gilberg, senior vice president of government affairs for the Medical Group Management Association.

One alternative is to have a central database where doctors can update their information, giving insurers a single source to check.

The Council for Affordable Quality Healthcare, (CAQH), a nonprofit alliance, maintains a database for credentialing information on about 1.3 million U.S. doctors and other providers. Eight major insurers, including Aetna, CareFirst Blue Cross Blue Shield and UnitedHealth, launched a pilot program using that data to update directories last summer. The alliance plans to offer the service to all health plans in January.

Some experts urge insurers to use their own claims data to weed out obsolete listings.

Since 2013, New Jersey health plans must attempt to contact any provider who hasn't filed a claim in 12 months. If a provider fails to respond in 30 days, the insurers must remove that listing. Since then, "the number of complaints has gone down," says Larry Downs, CEO of the Medical Society of New Jersey.

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Corrections & Amplifications

This item was corrected at 2:08 p.m. ET on Tuesday, Dec. 29, 2015. LexisNexis Risk Solutions, part of RELX Group, was incorrectly called just "LexisNexis" in the original article.

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