

PRESS RELEASE

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Insurance Director Warns Premier Providers Not to Collect from Patients

Charles R. Cohen, state Director of Insurance and court-appointed Receiver of Premier Healthcare of Arizona, today warned physicians and other health service providers who rendered care to Premier's enrollees while under contract with Premier not to attempt to collect from enrollees amounts the providers claim are due to them from Premier but unpaid.

Premier is an HMO that was declared insolvent and placed in receivership on Nov. 16.

"State law clearly and absolutely prohibits contract providers from attempting to collect amounts from enrollees that providers claim are due to them from the HMO," Cohen said. "Contract providers are permitted to collect from enrollees only amounts for deductibles, patient co-payments and for services not covered by Premier. Nothing else. If they believe Premier owes them money, that's between them and Premier. The enrollee is not a potential source of recovery for the providers."

The Department is receiving widespread reports that many contract providers are attempting to improperly collect from Premier enrollees, either personally or through collection agencies.

"Apparently many of these providers may be acting on some mistaken assumptions," Cohen said. "Some may have terminated their contracts with Premier and believe they are now free collect from Premier enrollees. That is incorrect. It remains illegal if the claim for payment arose out of the rendering of services at a time when the provider was under contract with Premier. It also doesn't matter if the enrollee is no longer covered by Premier. The enrollee is still protected from collection.

"It also looks like some providers may believe they are prohibited from collecting from enrollees only by a court order that they believe expires 60 days after the receivership commenced, and that they are therefore free to collect from enrollees after Jan. 15," Cohen said. "That is also incorrect. A provider who rendered services to a Premier enrollee while that provider was under contract with Premier is never allowed to collect from the enrollee amounts due from Premier. That is the law, and the court order does not change that.

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"I and my receivership staff have repeatedly warned contract providers not to attempt collection from enrollees. We will take legal action against providers who violate the law and attempt to collect. I will be discussing this with the Attorney General," Cohen said.

In accordance with state law, Premier has a Plan for Risk of Insolvency that provides funding to pay for services rendered during the receivership. However, many providers claim they are still unpaid for services rendered before the receivership. It is these "pre-receivership" claims that some may be attempting to collect from enrollees.

"We will be establishing a process for verification of pre-receivership claims as expeditiously as possible," Cohen said. "We will also work as quickly as possible to identify and consolidate Premier's assets available to pay those claims, and determine when and to what extent we can pay them. I know the lack of payment is a hardship to the affected health care providers. Although I am unable to guarantee them anything, we will do everything we can to pay them as expeditiously and as fully as possible. However, collecting it from the enrollees is absolutely not an option."

Cohen also warned collection agents who may be engaged by providers to collect from Premier enrollees that it is just as illegal for a collection agent to do it as it is for a provider. "The underlying claim against the enrollee is illegal, so the collection effort is illegal, no matter who tries to do it," Cohen said. "The court order also makes that clear. If we learn of improper collection activities by collection agents, we will turn them in to the State Banking Department, which regulates collection agents."

Cohen also urged Premier enrollees and former enrollees who are the object of improper collection efforts not to pay. "Enrollees on the receiving end of improper collection activity should not pay and should report it to Premier so we can take appropriate action to stop it," Cohen said.

Providers who were not under contract with Premier at the time they rendered service are not prohibited by state law from attempting to collect from enrollees. However, they are also not completely free to pursue collection from enrollees after Jan. 15. The court order prohibits non-contract providers from collecting from Premier enrollees for as long as the enrollee is covered by Premier.

"I am considering asking the court to extend the prohibition until we are able to determine Premier's ability to ultimately satisfy the claims," Cohen said. "It is my hope that non-contract providers will defer efforts to collect from Premier's enrollees until we have exhausted our efforts to satisfy their claims with Premier's assets."

Enrollees who are not sure whether the provider was under contract with Premier when the service in question was provided can contact Premier to find out.

Premier can be reached at (602) 200-2457 or (1-888) 590-2457.

At the time of receivership, Premier had approximately 75,000 enrollees throughout Arizona. The Health Care Financing Administration terminated its contract with Premier effective Dec. 1, removing the 20,778 Medicare beneficiaries from Premier's coverage. Currently, approximately 23,000 commercial enrollees remain covered by Premier. The Receiver hopes to transfer all remaining Premier enrollees to alternative carriers by March 1.