INSURERS TIGHTEN RULES AND REDUCE FEES FOR DOCTORS

PHYSICIANS LOSE POWER

Big Health Care Concerns Say Tougher Limits Are Needed to Counter Rising Costs

By MILT FREUDENHEIM

Some big health insurers are putting a new squeeze on doctors, sharply cutting the fees they pay and imposing strict new rules that physicians say can undermine patient care. Angry doctors, in turn, are fighting back with lawsuits and complaints to state regulators.

Many traditional health plans and physician networks have for several years been relatively generous to doctors, giving them something close to the "usual and customary fees" in a community.

But insurers say they are facing rising costs and shrinking profits, and payments are increasingly being based on the lowest available fees, sometimes those found in bargain-rate managed-care plans. And all-or-nothing contracts often require doctors to accept patients in all of an insurer's plans, not just the higher-paying ones.

If doctors balk at any restrictions, they can be blackballed from plans, losing access to thousands of patients. And even though insurers have the final say over whether a treatment is necessary, many contracts now hold the doctors, not the health plans, liable in malpractice suits over denial of care, which have soared lately. On top of that, doctors must frequently give up the right to sue the health plan if it refuses to pay for a service.

As a result, doctors say, care can suffer as physicians become more reluctant to fight health plans on behalf of their patients. Also, thousands of patients have had to find new doctors after their old ones were dropped from plans or resigned.

Among the most aggressive in clamping down, some doctors say, is Aetna U.S. Healthcare, one of the nation's biggest health insurers, with 13.7 million customers. Blue Cross plans in at least seven states and some local units of United Healthcare and Cigna Healthcare have also reduced fees and in many cases imposed harsher rules.

This is not, of course, the first time insurers have turned the screws. Earlier rounds of cutting, as the na-