Atlantic Health dropping state’s biggest HMO

Aetna coverage would be cut at 4 hospitals

BY MATTHEW BROWN
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Atlantic Health System made its break with Aetna US Healthcare official yesterday, announcing the cancellation of all contracts between the insurer and its four hospitals -- including Morristown Memorial -- effective July 12.

Following a four-month transition period mandated by the state, tens of thousands of patients insured through an Aetna HMO plan will no longer be fully covered for medical services performed at Atlantic’s hospitals unless a new contract is forged by Nov. 12.

The patients could instead pay out of their own pockets, switch insurers, or go to other hospitals with Aetna contracts, including the St. Barnabas Medical Center in Livingston and the St. Clare’s hospitals in Denville and Dover.

Atlantic Health System also includes Overlook Hospital in Summit, Mountainside Hospital in Montclair and The General Hospital Center at Passaic.

In 1998, Atlantic Health had occupancy rates of 75 percent at Morristown Memorial, 66 percent at the General Hospital Center at Passaic, and 46 percent at Mountainside and Overlook.

Atlantic Health had proposed a 40 percent rate increase on reimbursements, according to Coyle, a figure he said was "way out of line with those in the local market and similar hospitals in the mid-Atlantic region." Neither Atlantic Health nor Aetna would reveal the insurer’s counter-offer.

In a separate statement released yesterday, Aetna said Atlantic Health was "specifically not entities" to cancel the contracts pertaining to Morristown Memorial and Mountainside. Stipulations in those contracts prevent them from taking the actions, the statement said.

Atlantic Health declined to comment on the insurer’s claim, but Aetna promised to take "further actions" to enforce the contract stipulations. A spokesperson for the company said they would not say what those actions might be.

Morristown insurance broker Kathleen Conlon, of Accorda, which negotiates benefit plans for employers and health care companies, said the dispute would force many of her Aetna-covered clients to consider changing carriers, if reluctantly.

"We all know when it comes to our benefits we don’t like change," she said.

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