



UNIVERSITY PHYSICIANS, INC.

May 10, 2006

Bill Owens, Governor
135 State Capitol
Denver, CO 80203-1792

Dear Governor Owens, ^{B.11}

This is a brief note to follow-up on our conversation last Friday. As I reported, the passage of Senate Bill 198 is very important to University Physicians, Inc (UPI).

Over the past nine months we have provided \$34,935,981 in services to the self-pay/medically indigent population of Colorado. And for those services we have collected \$8,616,908 -- a collection rate of 24.6%. Combine this collection rate with the reality that only 1% of our clinical salaries come from the State taxpayer, and it becomes obvious that we are very dependent upon earnings from commercial health insurance companies to maintain the existence of a strong medical faculty at the School of Medicine.

One of our most time consuming and resource-wasting activity has been keeping up to date on endless electronically delivered, unilateral contract changes from commercial health insurance companies - changes that result in a reduction in contractually agreed to rates, interminable appeals to capture denied payments, and an overall loss in expected payments. Payment discrepancies at times result in frustrated patients caught in the middle of this miserable collection process.

Senate Bill 198 provides the corrective actions that would be most beneficial to UPI and to the patients we serve. Specifically requiring that "material change" amendments to the contracts will require 30 days advance written notice by the insurance carrier and the opportunity for UPI staff to review and either accept or reject those amendments prior to their effective date. This simple and critical process safeguards providers from unmitigated reductions in reimbursement and is a sound business practice.

SB 198 also calls for payment terms to be fully disclosed at the time we are considering the contract - especially the potential for "reductions" of our payments and the methodology by which the company will determine the amount of payment. There is no other business in America, whereby a service is rendered, and the service provider (physician) has to wonder what if anything he will be paid for the service. Physicians must be paid for their services at an expected amount that is not arbitrarily changed by a newly concocted policy.

As you know, I've been involved in the delivery of health care for over 40 years and this is one of those "executive" decisions that rarely comes along -- one that will have a significant and long term impact on both patients and physicians. We need your signature on that bill.

Many thanks for taking the time to read this letter,

John A. Sbarbaro, M.D., M.P.H.
Medical Director
University Physicians, Inc.