

**The following pages contain responses to me or postings
to list serves from providers in the industry.**

**For the convenience of repeat viewers, they are posted in reverse order
with the most RECENT at the beginning!**

October 2006

To those that are following the Linkia/Hanger/SPS issue:

I just got a call from a rep at Linkia, trying to get me to sign an agreement with them to join the network. I asked her for some prices, and she could not give them to me until I signed the agreement. I asked her if the prices were that bad that she was embarrassed to tell me what they were, or what the problem is. Or was I being suckered into signing a contract before knowing what was in it.

She finally told me what the reimbursement for 2 codes was, and because I am probably NOT allowed to share that here on this list, I can say it was between 35% and 40% BELOW Medicare in my state. I congratulated her for getting the prize for being one of the lowest payers in the state, even below MEDICAID!!! And, then to top that off, they would only pay the 80% of the allowed, if that was the patient's benefits, and I wonder if they still have customers that only have 50% coverage, I did not ask that question. What a loss that would be to basically do charity work and take a loss on a claim, only so that Hanger would benefit and make the money. Nice business strategy, they can put us all out of business eventually if we take a loss on every service we provide.

I then asked if ABC Accreditation is required, and she said it was NOT required at this point, and that any person wanting to join the network would not be required to have accreditation or certification. I again had a "wow" response to this, and asked her if they were THAT desperate that they would just allow ANYONE to join in, and how in the world could they ever just let anyone join in with NO certification or accreditation. I thought that was one of their big advertising and selling point, that they would have only the highest quality standards and requirements by going to this network. (On a side note, Point Source is still in the Cigna network at the request of Cigna, and they DO require ABC Facility accreditation, and also certification, and their reimbursement rates are a LOT higher than what Linkia is offering....I am NOT affiliated with Point, I am not on their payroll or have anything to gain by saying this).

So, what is going on here? Maybe it is due to some legal activities going on that they are scrambling to get people other than HANGER facilities in the network.

If anyone knows of the legal actions that are going on here, please advise us and fill us in on what is going on. I have gotten some information about the legal battles that Hanger is involved with over stock trading, the Medicare issues in New York, and the OIG being on them, etc. But I don't have any credible information about what is going on with Cigna and Linkia. Something must be going on for them to be offering this enrollment with no credentials or anything.

We all need to really think about what impact this will have on the field if we join this network, or any other network similar to this one. Are we going to help them build a network that can eventually end up eliminating the competition, which has been a huge discussion lately? I cannot make any comment on what anyone in this field should do, only pose the question and let everyone out there think about it on their own and make their own choice. I know what my answer to this is.

I know what Cigna has paid in the past, and I also know what Cigna pays if you are through another network, like Point, which all I can say is they pay a LOT more than what Linkia is offering. I went back over a few of the claims that I have filed with Cigna, and saw what they paid during the past 2 years. Now, through Linkia, the prices have dropped about 40%. How is this good for anyone out here, especially the amputees??!!

From what I can gather from all this is, Cigna must still be allowing the same amounts, but they give the money to Linkia first, and then Linkia keeps whatever they can get away with, or what we will tolerate. They keep the rest. That is the ONLY way Linkia can make any money.

We need to all look towards the next Hanger quarterly meeting, which is in a few more days. We need to see how much Linkia has made in this last quarter, and see what they project the dollars to be in the upcoming quarter. Just remember, Linkia does not fabricate anything, they do NOT produce anything, they do NOT see patients, they do NOT DO ANYTHING to make any money. The ONLY way they can make money is by skimming money off each claim that gets processed. They only make money by stealing a portion of the payment that Cigna has paid for a device or service, and that is money that should be paid to the actual provider, and NOT SOMEONE THAT DOES NO WORK or provide any services.

We need to talk about this with everyone in every area of the country. We CANNOT make any plans of boycotting anything, or cannot do anything like that at all. But, we can talk to each other, educate each other,

even if the other facilities in your areas and not your friends, you need to talk to them, because they are probably not on this list serve and may not even have clue as to what is going on here.

Heaven forbid if we would expect any organization (ABC, AOPA, the Academy, etc) to educate us on this matter, after all, they are all filled with people from Hanger that run these programs. And, even the ACA, after their big InMotion magazine publication a month or so ago which harped for several pages about these evil insurance companies, and what we were all fighting against (speaking as an amputee), they still will NOT SAY ANYTHING to warn people about any group like Linkia, and just keep a very low profile on this issue. Why? I don't know, maybe they need the money from Hanger so badly that they will just ignore this problem.

On another topic that I mentioned in my last post, about SPS. I got many emails, lots and lots or emails, supporting what I was saying, and several from Hanger employees themselves. They have asked me to keep the remarks and identities private, which I have always honored.

One of these emails explained that there is a lot of information and data that is collected by SPS, which only makes sense after I started thinking about it. SPS/Hanger can learn and collect information on geographic areas, where there are high volumes of sales. If there are lots of sales in some area, that must mean there must be a lot of amputees, and therefore, a great place for Hanger to go and open up an office. Another person sent me an email about how they had bought everything from SPS for years, not thinking about who owns it, etc. Then, all of the sudden, there was a Hanger office just around the corner from them, and they went out to conquer the area, giving great little gadgets and gifts to all the doctors' offices, and tried to get the referrals. It worked for a while, and then the patients and doctors realized that the prosthetic devices were made using the cheaper components, and the patients lost that personal element with the practitioners.

So, if you are wanting to give all your data about how many patients you are working with, and give the competition all your information about your business, then just go right ahead and buy everything from a vendor that is owned by the company that wants to be in total control of the market. That is certainly not something that I would want to do with my office and business, give any information away that might entice them to come and open up next door.

Again, everyone needs to call the other facilities in the areas, discuss the future of O&P, educate each other on the issues: parity, licensure, Medicare changes, managed care contracts, vendors, etc. Do not discuss anything that would be illegal, like price fixing, boycotting, etc.

We can leave all the price fixing discussion to the insurance companies, and to 3rd party administration groups, because for some reason it is legal for them to do, but not us, or at least that is what it seems.

Good luck out there.

Jim DeWees, CP

October 2006

The one thing I am not seeing in the listserv discussion about SPS is the fact that they use the purchases of independents as marketing information to determine future Hanger locations. Perhaps I'm wrong, but I don't think I've seen anything on the listserv about this. You might want to throw this into the mix as well. Meanwhile, I will continue to promote parity, with "any willing provider" language, as well as provide superior patient care that Hanger will never be able to match. In fact, Hanger is the source of some of my best referrals...they just don't know it!

Name withheld

October 2006

To all that are concerned with the Linkia deal:

Just a thought that I had on the Linkia deal. In the Hanger Quarterly meeting transcripts that I have read, the executives of Hanger were very boastful to the investors of how well Linkia was doing, how many million dollars they had made so far with this new entity. Actually I have no idea how Linkia had made any money at that point, since they did not even have any contracts going at that point, Cigna was not officially on board at that time, unless Cigna had given them some millions of dollars up front for something, or somewhere Hanger came up with some big bucks under the Linkia account.

But, here's the point. We all know (at least all of us that have worked for Hanger at some miserable point in our careers) that Hanger does not like paying out any bonus money to the practitioners. I heard everyone grumble in the region I worked at least, and whenever anything was mentioned about the bonus, everyone just kind of laughed at it being the big dangling carrot that they hang out there, thinking that we are all stupid enough to keep believing that there is some remote chance that we would get some bonus. They kept on giving bigger discounts to the payers, and then expected us (the practitioners) to find better ways to bill more for the prosthetic devices we were making, and to also find cheaper ways to make the devices (like buying cheaper materials, components, feet, knees, etc). It was to the point, that if we were to make the bonus, we had something like less than \$1000 to buy everything for a BK prosthesis: a foot (k3 energy storing foot), 2 liners, shuttle lock, all the modular components, etc. As an amputee, there is no leg that I would personally wear and trust my life on that would cost less than this \$1000 limit we had set on us to make the bonus. Actually, I don't even think there is a way to buy all the materials and parts to make that even possible, even using all the cheapest crap on the market.

Anyway, that is kind of the history on the bonus plan that I had seen, and I know it has not gotten any better for the practitioners.

So, how does this tie in to Linkia and Cigna? Well, in order for Linkia to make money, they have to skim off the top some amount of the money being paid for the services that are rendered. They have to take some percentage of the money, that is how these 3rd party administration companies work. There is NOTHING established that will put any limit on what Linkia will take. One of the strategies out there, possibly, is that since right now ONLY Hanger offices are in the Linkia network, Linkia can give the patient care facilities whatever they want to give to them. It might be as little as 50% of medicare allowable. Linkia will keep the rest of what Cigna pays for the services and goods. I am sure that Hanger will make sure that the majority of the money given to them will stay in the Linkia account and NOT go into the Hanger account for the offices that are producing the goods and actually making the money for the company. What does it take to staff an insurance office? Just a few people with NO formal education, or formal training, basically the minimum wage people that just answer the phones, verify if the patient has coverage (that is they have to be able to type the name and id number into a computer and read what comes up), and of course, the Hanger method of a bunch of managers and upper managers that get the big money. The actual people answering the phones probably barely make minimum wage. There is NO bonus plan for Linkia employees, except the upper people that already make tons on money.

Hanger will make sure there is NOT enough money going to the patient care facilities to come close to making a bonus, and they way it is structured, if they can pay so little to the patient care facilities, then it will drain totally the amount of ALL the bonus pool, and ensure that NO practitioner will make a bonus, saving the company a few more million dollars (if they ever have paid that out in bonuses to practitioners, I doubt it). Maybe that is part of their strategy that they talk about in the Quarterly report about reducing the manufacturing costs of the devices, and save some million dollars.

If I worked at Hanger (and thank goodness I don't), I would be very upset at this point over many issues. Besides that fact that the executives have all made millions doing stock trading (look at "Insider Trading" on Yahoo stocks which is public information, you just have to look for it, and it is easy to find) this year alone, and now capturing these Cigna and Great West contracts, this will FLOOD the Hanger

offices with patients, with the promise that if you work hard, there is a bonus waiting at the end of the year. What is going to happen is that you will all be worked to death, there will be a huge increase in patient visits, but you will get paid virtually nothing for anything you do for a Cigna patient, but that money will stay with Linkia. The company will make the money, but you will not see any benefit for all the extra work and sweat that went into the process.

I encourage all the Hanger people out there to go to HighBeam.com and get the quarterly reports for the company, they are very interesting and disturbing to say the least. Also, look up the stock transactions and see how the executives are buying and selling stocks like crazy at ideal times, and walking away with millions every year. That is also disturbing. That is NOT imaginary money, it is real dollars, and it is being taken out of the company, legally though, by your leaders. Those millions of dollars are what YOU have made and earned for the company, and what are you getting for it?

Now, are any of us in the private sector stupid enough to sign a contract with Linkia (even if that were allowed), and let them skim off the top the money that we should be getting paid for our services? Are we going to do all the work and let some other entity get fat off of our hard work?

While I am at it, to re-emphasize Eric Eisenburg's comments, who among us is buying stuff from SPS? In the Quarterly meetings, they also boast that SPS sales grew more than 30% last quarter all from NON-HANGER facility purchases. Who did that? Why on earth are you supporting the company that is trying to take away our patients, and worse than that, take the CHOICE of the patient away and force them to go to their facilities? How can you sit and criticize Hanger for this Linkia deal, and complain how it is hurting the patients, and the independents, and then turn right around and place orders with that same company and support them?

I have had the SPS sales rep in my office, and he is a very nice guy, I wish I could do business with him, but because of principles and SPS connections, I cannot work with him. He said straight to me, that SPS is totally independent of Hanger, and that what SPS does in business does not make any impact on Hanger. Well, according to the company meeting transcripts, that is NOT true and I knew that was the case even before reading the minutes. The money that SPS makes goes directly into the Hanger company bottom line. EVERY item you purchase from SPS only helps them get stronger and bigger. In the transcripts, one of the executives stated that their goal is to get some vendors to do 100% business with SPS, so if any of us wanted to use a certain component for a patient, we would be forced to go through SPS, which would generate more revenue for Hanger. We CANNOT help them grow so that they can also capture the entire supply part of the field as well.

There are a few other vendors out there that cater to the independent facilities, which do very good quality service and can provide possibly some other service which would make it worth your while to search them out and see what would work best for your situation. For example, I have used Cascade for the past 4 years. I have placed hundreds of orders with them, and have 100% perfection on everything. One bonus they offer is they ship everything with overnight shipping, and only charge for the standard shipping rate. That saves me a lot of money over the year. The prices of the products are the same across the board, before any discounts are given at least.

There is a lot going on in this field right now, and we ALL need to be informed and take some action, no matter how small it might be. I do not want to be guilty of helping any company capture an unfair portion of the market, or help someone that the independents view as a competitor. We all have voiced opinions and concerns over the possible "monopoly" and how that would not be good for the patients and the industry as a whole, but yet we as an industry have helped this monopoly grow by buying supplies and materials that could have been purchased from a number of vendors. It will NOT be a good thing for this industry if any ONE vendor is able to have sole distribution rights for any components. If that was to happen, then that vendor would have total control over the prices they charge, and the buyers or consumers would have NO power to do anything about that.

On to a new topic, which I hope to come back to in the near future, are the educational issues of this field, this new educational deal that Northwestern has put together. I do not believe, from what I understand at this time, that it is a good thing for this field. We have gone from allowing people with NO

formal education to enter this field, carrying the same credentials as those of us that did make the sacrifice to get an education, and that cost a whopping \$75 to buy the credentials. Now, that door and pathway has been shut down, and so it is back to making everyone (almost everyone at least) that wants to get into this profession obtain a formal education in this field. But, as the talk of making the requirements equal to a master's degree and even having a doctorate available, we learn of this home study program. I can not even begin to understand how doing distance learning, or a correspondence course, could ever teach enough about patient care, patient interaction, bedside manners, not to mention the hands on skills that are required to cast, fabricate, modify, and all the other skills that are necessary to do this work. What's next? Maybe when you turn on the computer, and log onto Hotmail, we will see a University of Phoenix ad on how to buy a degree in O&P and get it for virtually no effort, just money. Maybe we will start getting junk emails that offer the same thing, I get them all the time on how to purchase some master's degree in something, it only takes money to have some fancy credentials behind your name, but no real coursework, and no real education is done. Even though the "practitioners" will have some letters behind their names, and will be eligible to take the ABC exam (and with the proper review course, which of course costs more money, and "practice" exams are given out to study off of...it's a pretty much no brainer that you will pass the exam that way) it will look like we have a new way to get more qualified providers in this field. But what have they really learned? How can anyone possibly learn what they need to learn when they are only required to be in the actual class room setting just a few days at the most? With that kind of thinking, how can any of us in this field ever say that the course work that PTs have to take on O&P is inferior to what is required in our own field? The average PT will have more formal training, more hours in the actual class room than what is required by an NCOPE educational program. That is just my thoughts at this point, and I am open to learning more about what the program is all about. I certainly do NOT see any other health care profession that offers anything like this. We cannot continue to try to convince the public, the other health care entities, payers, etc. that we are the better ones to do this work when we continue to water down the academic requirements (or remove the academic requirements altogether). Maybe that will be a good way to PTs that have interest in this field (maybe out of necessity) to do the home study course in their free time, pay the money to Northwestern, and get a gratuitous credential, and then make them officially a qualified provider, at least in OUR eyes. But, this would have some positive impact to the field in the long run: it would generate more money for NCOPE for residency fees, and would produce more candidates for Hanger to hire at \$25,000 a year to run an office and treat patients; generate more money for ABC and every other organization that has a hand sticking out there for their piece of the pie.

The big question is: will this pathway produce new practitioners that have all the skills and knowledge to fit and fabricate the appropriate devices?

Have a great week.

Jim DeWees, CP

October 2006

In response on OANDP-L to Mr. Daniel Gottry's recent posts, with permission:

Tue, 3 Oct 2006 07:27:06 EDT

Thank God. It's about time. I have for years been complaining about the amount of apathy in our industry. It is so refreshing to see the people, not the self-serving trade organizations who don't want to affect their advertising dollars, working in a grass-roots effort to try to make change. Getting Sen. McCain's office to pay attention shows the impact of the power of the people.

PLEASE continue to fight this battle as this is just the beginning.

We also need to address State Licenses, Parity, and "any willing Qualified Provider" legislation. We need to write letters and tell each and every patient we see that their P&O care is in jeopardy.

We need to empower our patients to get up and contact the politicians, as they truly cannot be ignored by the politicians or press.

What a loss to our cause when the President of the United States is photographed with a vet missing two legs running with him while the plight of our industry not being conveyed is a shame.

By 2010 there will not be enough practitioners to serve 75% of the patients who rely on us. Too few schools, too many practitioners retiring, reduced reimbursement, all [are] impacting the number of new practitioners coming into the field.

We are obligated to our patients and our industry to stir up each of our patients and set them on Congress & the State legislature, and yes, the President, if we ever get that opportunity again.

Write a letter to your patients, give them some literature, talk to them. Do something. It's your obligation.

Don't stop. This is the beginning.

Jan Saunders LOP, CPO

October 2006

I appreciated Dan sharing the information with us regarding Senator McCain and his appeals. I hope the insurance company realizes how ridiculous they are acting about coverage.

It gave me a little more information to use in my lobbying for the parity law here. I am from the State of Utah, and I am excited to be pushing for prosthetic legislation here. I have a legislative sponsor for the bill, and we are working hard to have this bill passed in our session in January.

Any additional information I can receive in lobbying for this important bill is so appreciated.

Name withheld

September 2006

I am in the midst of a similar situation with a patient of mine, a BK. She was an old patient of mine that recently found me again. For the past 2 years I have been a Cigna provider and administered great care of her. Prior to her finding me again, she was a Hanger patient and was so displeased with her care.

When I received notification from Cigna stating that my contract was being terminated as of 10/1/06, I immediately got her on the phone and explained the situation. I could imagine tears running down her face, and the anguish in her voice.

I suggested that she call Cigna and voice her anger. She did indeed. She called back several hours later and detailed her conversation. Obviously the Cigna person, medical manager, on the other end was touched and concerned. The Cigna manager said that she was mailing a "Continuation of Care" form to my patient for her to complete and return.

Have you ever heard of the "form"? I have yet to see it, but will report back after my patient receives this form. I am both curious and amazed that Cigna responded so quickly. Maybe they have received complaints similar to mine and beginning to address it. Let's hope for the best.

From a Provider

ED: I am indeed familiar with the "Continuation of Care" form. I had to complete these to continue to see my surgeon (who has a very unique specialty) who contracts with no one! CIGNA quickly accepted my request to continue to see my surgeon. I believe that every CIGNA patient who is receiving excellent care from their prosthetist should complete and submit this form!

September 2006

I have read with interest the ongoing Linkia/Opnet/Cigna postings. Follows is my somewhat cynical perspective.

Let's look at this from the insurance company perspective. Perhaps it is Cigna's strategic intent to rid themselves and their plans of "adverse selection beneficiaries". This means they want to rid themselves of the high-cost beneficiaries. Amputees and other disabled populations fit this description. Amputees frequently have multiple other health issues and have a high incidence/frequency of health care resource utilization. So.....if they (Cigna) severely limit access to providers, maybe those high cost beneficiaries just might get fed up and leave Cigna. They might then enroll with a plan that offers easier provider access and more open choice.

Cigna just solved their problem - having too many patients that have a high utilization rate and improvement their bottom line. (Every insurance benefit dollar that remains unspent flows directly to Cigna's bottom line - with no increase in admin costs or fixed internal overhead costs and no reduction in premium! Shareholders smile!)

Linkia now becomes stuck servicing a low paying plan with decreasing member enrollment as beneficiaries jump to other carriers.

Since O&P represents such a small percentage of the health care dollar it is an easy target. Unfortunately O&P is not a benefit that can be deferred. Services will remain necessary to the patient and will be provided at a later date at higher cost.

From a CPO

September 2006

I am grateful to all who have responded and provided additional information to me as it has helped to educate me as to issues that impact both O/P providers and patients. A recent response from Jim Andreassen provided excellent information. You can see this and other current information at my website!
Daniel Gottry

www.gottrys.com/leggo/

Dear Dan,

I continue to be impressed with your pinpoint accuracy identifying and exploring the issues surrounding the decision by CIGNA to implement a "network manager" which competes with the additional providers it is charged to "manage." I have also been overwhelmed by the number of positive responses I have received from my previous post.

Before I respond about how OPGA/POINT conforms to your criteria, let me first say that although I do see the monopolistic arguments, what independents really need to do is compete. Independents dominate this industry, and we at OPGA/POINT want it to remain that way. There is a place in the business strategy where independents can employ networks to compete effectively.

So why has Linkia obtained the CIGNA contract? I believe that answer lies essentially in geographic coverage and practice locations. The independents have waited and are acting in a "reactive" rather than "proactive" manner. They are allowing the leading few to direct their future. Due to lack of participation in our network by Independents, Linkia offers larger geographic coverage. The majority of Independents have waited for the impact of Hanger's Linkia division to result in the termination of their Independent/Direct CIGNA contracts BEFORE considering whether they should support and have available a network to compete with it.

You will hear many Independents bemoaning that the national, publicly traded organization has such power and influence over its trade organization, credentialing organization, the largest patient organization, the lobbying groups, and to a lesser extent, even the academic organization. But, to be fair, all these organizations are pressured to behave as their major funding sources request. At the same time these Independents will explain why they won't pursue ABC Facility Accreditation, or join a network such as OPGA/POINT, AOPA or support ACA, then, after neither actively funding nor contributing, in a "self-fulfilling prophecy" scenario, now the supporting entities don't deserve their support.

They will tell you that same national, publicly traded organization offers them the lowest prices as a distributor through their wholly owned SPS division and has terrific service. Does this justify throwing them financial support in the form of contributing revenue to their bottom line, which they can funnel to the less profitable segment of their COMPETING service provider business and take that away too?

I believe each Independent practice has the responsibility to put together a business plan, and to make logical decisions that support the strategies they decide to employ in their plan. To the Independents, I ask, "If Linkia is successful and if this service delivery model rolls through the industry, what happens to your practice? If you maintain total "independence," never engaging your practice in any collaborative efforts and Medicare competitive bidding is successful, what happens to your practice?" I find it disheartening that a larger percentage of the industry is investing in their competitor, as is evidenced by the growth of the SPS division in each successive quarter of HGR earnings reports, than in their own industry organizations, or in a competitive network. Should this be part of your business plan?

Our network vehicle will allow Independents to compete and access some major managed care payers who seek network services, as well as compete for Medicare "competitive bidding" contracts, and to obtain competitive pricing for supplies and componentry.

Dan, I was equally impressed by your identification of the key elements of a network manager model that would meet both the provider and payer needs. I know you have little interest in researching and determining our value, but want to assure you that OPGA/POINT agrees with and does adhere to each

of your 3 key elements of a non-biased "network manager." Given how long and carefully we considered what was "essential" it is admirable that you came up with it in your response to Smithson's listserve post. Regarding your criteria:

- 1) Please understand there are on-going debates about the Prosthetic & Orthotic credentialing standards, credentialing entity decisions and the value of the various benefits associated with credentialing. From the inception of organization, POINT has adhered to requiring the highest available credentialing standard for Prosthetics & Orthotics, which is ABC Facility Accreditation, fully recognizing that accomplishing this standard was an additional expense, completely voluntary and NOT required to obtain managed care contracts. It does not result in any economic benefit in the form of higher reimbursement or advantage in obtaining insurer participation contracts; yet the network founders believed it was an important demonstration of the Facility's commitment to quality and differentiated the Facility as being of highest quality.
- 2) The POINT fees were determined by the founders of POINT to fund the operations of the initially provider-owned network. At the time of sale of the network to VGM, due to economies of scale, these participation costs were actually lowered for the participating facility. If providers need comparisons, our fees are outlined at <http://www.pointhca.com> under the "Join POINT" tab.
- 3) Although the provider-owned network in its early years entertained many on-going debates about whether the network should be "inclusive" or "exclusive" the leadership took the high road and chose the "inclusive" route, even knowing that the few who had invested shareholder dollars (well beyond the current member dues/withhold amounts) and been proactive in their quest to meet the foreseen service need have borne a much larger portion of the costs to create the network.

In closing, the vehicle that will allow the independents to compete is already in place. It is now time to choose the strategy that will best fit their business plan.

Jim Andreassen
President, OPGA
Phone: 800-214-6742
Fax: 888-449-0610
email: jim.andreassen@vgm.com

September 2006

I believe a key strategy in dealing with the Linkia situation is for any and all independents, if contacted by Linkia, REFUSE to join the network. Although there are hundreds of Hanger sites, the independents still do represent the majority. Linkia will not be able to provide the access to care as promised without the help of some independents, especially in rural areas.

Also, it is VITAL that Parity legislation contain language that includes ANY WILLING PROVIDER. This is KEY. AND, do contact your legislators AND ACA. Advise your patients who have one of these insurers to not only contact their insurer to voice their dissatisfaction, but more importantly contact their EMPLOYER, many will be willing to investigate alternative insurance companies. It is time that everyone gets on a level playing field, Linkia who's strategy may be questionable, and CIGNA and GREATWEST, who view patient care as a "bargaining chip". If the outcry is loud enough from every angle, we can prevail.

Over the years, this industry has, to say the least, not been a unified group. THIS MUST CHANGE NOW!!! (Before it is too late)

Name withheld

September 2006

With all the controversy and discussions about Linkia, one particular trend should strike fear into the hearts of all independents, their patients AND may have implications for the FTC.

The implementation of taking over the Cigna provider network has been completed and termination letters have been sent to the providers that will not be in the network .Linkia is working with Cigna on building out the new network.

They have also signed a second provider, Great-West Life and Annuity Insurance Company for their network management agreement for their 2 million members. Linkia is currently in discussions with all of the large regional and national healthcare insurance and health management firms in the USA.

I wonder whether Cigna and Great West Life realize that millions of their policy holders are being treated by unlicensed and in many cases non certified individuals providing O&P services in 39 states?

Where is the newly formed O&P Alliance and the Academy in all this ? Do these organizations represent the interests of independents? Is this issue not worthy of them to provide a position statement to their members?

With all this occurring it is interesting to see from Dan Gottry's recent post "Hanger CEO Dumps Large Block of Stock" and Karl Entenmann's, CPO post "Linkia and Independents" as further reported on the link Hanger CEO Dumps Large Block of Stock that Hanger insiders are liquidating stock holdings.

Anthony T. Barr
President, Barr Foundation

September 2006

Response posted by a provider, to a request for information from an "insurance consultant"

We were recently contacted by Linkia to SIGN UP as a provider. We have been a Cigna provider for about 10 years. They sent us a contract with a price list. In most cases the Linkia was 50 percent or less of the current medicare allowable in my area. In fact there were numerous items BELOW my cost. That's right below what I can buy it from any supplier including SPS.

I asked if they would accept a contract with caviats, the answer was that no alterations or special deals were being considered at this time.

There are no Hanger facilities within 300 miles of my office. The only way anyone near me could live with that contract would be to upcode. I even explained that to Linkia.

I declined the contract. I further suggested that they try the guy that had to pay back nearly 2 million to Medicare.

With regards to Cigna patients with whom we have a long-term relation, They have not been informed by Cigna and when they find out they are angry. Numerous patients or their parents have notified us they will be changing their insurance plan.

Perhaps if Cigna loses enough clients they will alter their decision. I guess if you have Cigna here you'll need to hop a plane to receive service.

Name withheld

September 2006

I've never met you but have to applaud your efforts at exposing [what] is about to befall upon our industry and shortchange so many patients who will need the professional services of clinically educated and credentialed practitioners.

I do hope that someone might forward the posts to the O&P LIST as well as the responses you have received to the Justice Department in Washington for their review. There is no good that can come from this scheme.

Name withheld

September 2006

The longevity of independent providers and the patient's FUTURE choice of providers, are at stake.

Sadly, I believe ACA is advocating, or at least opening the door, for Hanger/Linkia, in what maybe their sincere efforts, to better ensure prosthetic rehabilitation benefits, by supporting prosthetic parity laws in over 12 states. Mostly unregulated states I might add, so providers would require no educational qualifications or credentials if those laws were passed.

ACA supporters and members believe this parity legislation is mainly focused to mandate proper prosthetic benefits for amputees so they are all for it. Under that veil, however, is the Hanger organization and its wholly owned subsidiaries Linkia/SPS ability to contract both prosthetic and ORTHOTIC services with insurers whom must now be forced by law to provide benefits. The O comes with the P from most underwriters and Hanger is positioned to offer the lowest cost of services.

Enter Linkia and their ability to provide "network management contracts" thru 630 + Hanger providers. They can undercut any other provider in the system since Hanger also own SPS and Hanger's cost of goods is deeply discounted.

In the recent past we have corresponded with ACA that the Barr Foundation would like to consider supporting parity in Florida and any other REGULATED state, but only with patients having the ability to choose a licensed provider.

Parity is an ACA/AOPA /Hanger driven and funded effort, many independents in Florida see supporting parity as the beginning of the end of third payer provider contracts for them since Linkia/Hanger would be able to more aggressively bid for the contracts if insurers are legislatively mandated to provide appropriate O&P benefits.

Review AOPA's publication, the O&P Almanac issue, May 2004 pp10-13, Carrie Parsons wrote Hanger forms MCO to Link Facilities and Payers for discussion that Linkia is "good for the industry"!

The result is that you may have the deck stacked against you with the largest provider network (Hanger), the national O&P trade industry (AOPA), the nations largest distributors of O&P components (SPS), AND the nations largest amputee patient non profit organization (ACA) effectively supporting Hanger/Linkia thru their parity initiatives efforts, funded with Hanger and industry \$\$\$, to legislate state parity laws.

Ivan Sabel, Chairman & CEO, Hanger Orthopedic Group, reported, "We also recently announced a Linkia contract with Great-West which will go into effect August 1st, and coupled with our Cigna Linkia contract, we now have two full network management contracts in place."

There maybe only two options here.

1) Amend the parity bills with the "Any Willing Provider Law" (described below). Since it has taken effect in Arkansas, insurance companies have been forced to deal with little guys. They may not send the check directly to the provider, the patient instead, but providers will get paid.

I know that it's taken effect in Kentucky where it originated. Perhaps providers would have any interest in pursuing that course to perhaps minimize that concern?

Thinking this bill might help independent providers to supporting parity laws, I contacted and asked ACA'S Morgan Sheets, if ACA could support "any willing provider" laws to their parity efforts.

They elected not to, stating it would be sending mixed signals to legislators in proposing two bills.

http://www.benefitscounsel.com/archives/cat_any_willing_provider_laws.html

2) File a complaint to the FTC re: possible violation of monopoly laws.

A monopoly is Exclusive control by one group of the means of producing or selling a commodity or service: "Monopoly frequently . arises from government support or from collusive agreements among individuals" (Milton Friedman).

<http://www.answers.com/topic/monopoly-1>

Another way monopolies develop is through vertical integration. This is cost saving strategy in which supply and customer business related to existing production are purchased for merging. Monopolies can occur within smaller local markets or scale to global proportions.

<http://infoanarchy.org/en/Monopoly>

Horizontal integration is the gaining of control by one company over other producers or sellers of the same product. The acquired companies can appear to be quite diverse. Often the acquisition of control is not publicized, and sometimes different branding is used to create the illusion of competition. For example, a broadcasting company might acquire various radio and/or television channels each with a different focus in order to gain control of most of the entire listener or viewer market in a region and thereby prevent the emergence of competitors.

Such seeming diversity can also offer other benefits to a monopolist. In particular, it can be valuable in separating markets, thereby allowing the monopolist to charge separate, profit maximizing prices in each. It can also make the existence of a monopoly less conspicuous and less of a target for public criticism, government intervention and the emergence of new competitors.

The term “barriers to entry” is used by economists to refer to obstacles to businesses or to individuals wanting to enter a given field. Some of these barriers occur naturally, whereas others are erected or strengthened by monopolies in order to maintain or enhance their monopoly positions. Examples include the extremely high cost of developing new drugs, limited sources for a low cost input, a dominant platform for software or other products, patent protection of a low cost production technique, the difficulty of trying to compete with famous brands and air transport agreements that make it difficult for new airlines to obtain landing slots at popular airports.

The abuse of monopoly power clearly can be harmful to an economy. The term abuse in this context refers to such tactics as predatory pricing, colluding with suppliers and the leveraging of a monopoly in one product to gain a monopoly for another product. But what is often overlooked, even by legislation whose supposed purpose is to restrain or regulate monopolies is the fact that monopolies can be harmful even if they do not engage in such practices. Among the ways in which unregulated monopolies can harm the economy are:

1) Substantially higher prices and lower levels of output than if the product were produced by competitive companies

2) A lower level of quality than would otherwise exist. This includes not only the quality of the goods and services themselves, but also the quality of services associated with such goods and services

3) A slower advance in the development and application of new technology. Advances in technology can improve the quality (e.g., ease of use, durability, environmental friendliness) of products, and they can also reduce their costs of production. Innovation is not as necessary for a monopolist as it is for a highly competitive firm, and, in fact, it can be a bad business strategy. Research and development by monopolists is often largely focused on ways of suppressing new, potentially competitive technologies (and includes such techniques as stockpiling patents) rather than true innovation¹⁰. This can be a serious disadvantage, because economists have long recognized that innovation is a key factor (and possibly the single most important factor) in the growth of an economy as a whole.

The adverse effects of monopolies can be much more noticeable on an individual level than in the aggregate. These effects include the destruction of businesses that would have survived had competition been based solely on quality and price (with a consequent loss of assets of the owners and jobs of the employees) and prices for products so high as to cause hardship or be unaffordable for some people.

<http://www.bellevuelinux.org/monopoly.html>

Contact FTC for their perspective

<http://www.ftc.gov/bc/compguide/index.htm>

Don't forget to write. If you have an antitrust problem or complaint, or if you wish to provide information that may be helpful in an investigation, contact the FTC:

Via mail. Office of Policy and Evaluation, Bureau of Competition, FTC, Washington, D.C. 20580, or your closest FTC regional office. Addresses are on the inside back cover.

Via telephone. Dial (202) FTC-HELP [(202) 382-4357 for FTC headquarters, or your closest regional office. Telephone numbers are on the inside back cover.

Via e-mail. Send a message to antitrust@ftc.gov, or contact us on the Internet at www.ftc.gov. E-mail communications are not secure; if you wish to submit confidential information, send it by mail and mark it Confidential. ASK:

1) What the impact on competition forces is likely to be, specifically, what is the impact on Hanger, the independent providers, the patients and the payers (long term)

2) What are the elements the FTC would consider improper and at what point would FTC intervene Interview Susie Ebersbach, Director of Business Development, POINT Health Centers of America, Inc. Ask

3) What is the impact of the Linkia model on independent providers, Linkia, patients and eventually the payers? "In my opinion, should Hanger be successful in attaining full managerial contracts to control payer's provider networks, independents will lose tremendous market share, patients will have severely limited provider choice and quality of care will erode over time. The number of providers will be decreased, thereby allowing the major providers remaining to begin to demand better pricing for at least a portion of their services." said Ebersbach.

"When Hanger predicts that \$50M in additional revenues is possible thru its Linkia division, and yet reimbursements are dropping, then these revenues represent a shift in market share (away from the independent) and NOT growth in the total market." Asked why Independents would cooperate by participating in a model that will erode their market share, Ebersbach responded, "I have never understood this myself, so it's probably more appropriate to ask the providers who choose to do this. I will say it is an inconsistent business philosophy to offer your dollars either via purchasing supplies or providing patient services through a competitor entity, if you see the entity as a competitive threat. Clearly, the growth of SPS purchases by independent facilities each quarter demonstrates those independents are supporting Hanger, and infers they do not perceive a threat. Over the years, reasons Independents have expressed to me for engaging in these inconsistent practices revolve around the belief that Hanger will never be able to provide services of the quality they are providing at their independent facility, and the belief that this will continue to translate into retained market share for the independent practice. I see Linkia as a vehicle to thwart this logic by monopolizing market share, if the MCO payers allow it."

Interview Independents who support Hanger via purchasing, former OPNET Participation , potential Linkia participation (Sam Hammontree, Jim Kaiser, Dan Oglesby). ASK:

1) Do you support and how? Why do you choose to support your competitor via...SPS purchases, OPNET participation, Linkia participation, etc.

2) What impact do you think Linkia will have for Hanger, Independents, Patients and Payers

3) Given the potential impact of Linkia on the independent facility's market share, will you continue to purchase/provide through Hanger affiliates, fueling the gains of this competitor?

Interview a displaced patient (contact Roger Lehneis 516-621-7277. He has one who is concerned)

From all what appear cloudy issues maybe a silver lining. Perhaps this could be a wake up call for patients AND independent providers not remain passive and get involved with securing, proper O&P benefits, and what very well can turn out to be the longevity of their profession and livelihood.

Have a nice weekend....

Anthony T. Barr, President
Barr Foundation

Daniel Gottry

Hey Dan,

I am fully supportive of what you are trying to do here. Grassroots from patients, particularly the Cigna patients, is probably the only way to correct this. I'd like to give you some more ammunition, but must do so in confidence for reasons I won't go into.

The phrase "cost-effective healthcare" came up a number of times in Cigna's communications. It might interest you to know that the contract Linkia negotiated was absurdly low, lower than most state Medicaid reimbursements. I'm sure you've heard all the buzz about the compromised quality of free healthcare. Well, the premiums you're paying Cigna for will buy you care that is reimbursed at an even lower rate than the free stuff in many instances. The rates are so low that one Hanger office manager, only partially joking, asked his local Cigna case worker how he could reduce the number of Cigna referrals that were sent his way. These Hanger clinicians will likely have a hard time finding any profit margin given what they are being reimbursed, and the temptation to compromise care in reduced follow-up care, or less expensive componentry will certainly be present.

Your Burger King analogy wasn't far off. Hanger clinicians are "strongly encouraged" to not use other, higher priced items. The extent of this "encouragement" has caused many clinicians to leave the organization. You might also find it interesting to know that it is quite rare for a Hanger clinician to attend the annual educational meetings of the American Academy of Orthotics and Prosthetics. Instead, they all attend their own, Hanger Education Fair, where they are presented with only the technology and subject matter that Hanger invites to attend and where as much time is spent on maximizing profits as on enhancing patient outcomes.

So you have every right to be concerned. There are some good clinicians within that organization, but there are some bad ones as well. And for the most part, patients will only have one office within reach as Hanger operates quite efficiently in this regard.

The serpent has many heads. If you can cut off one of them with this Cigna-Linkia fiasco that saves Cigna a bunch of money, gives Hanger something to show their stock holders and compromises the quality of care for all policy holders, I wish you the best.

Dan

Just wanted to say good job and good luck with your Cigna fight. I'm one of many X-Hanger Managers as well as clinician and wish you the best in your efforts for amputees everywhere.

If there is a Cigna email address to write in this regard id be happy to put my 2 cents in.
good luck!

For those who are concerned that I would only post those letters favorable to me, this is an independent e-mail letter received on 9/6/06.

Dan,

I will provide my response in confidence for reasons I will not go into, but I am associated with the insurance industry as well I have a family member that is an amputee.

Your postings are misleading and inaccurate and appear to be based upon rumor and misinformation. I know the pricing of the Cigna contract with Linkia, I have personally seen the EOB for a relative's prosthesis and know first hand what the reimbursement levels are and can confirm that it was very competitive and it is no where close to Medicaid pricing and is far above those levels of reimbursement. .

In fact, the insurance company that I am associated with is looking into negotiating with Linkia, but the major sticking point is that the local "mom and pop" practices in two major metropolitan areas are undercutting pricing and going below Medicare and Medicaid which major O&P national providers are not willing to do. It is my experience that the small independent companies are the ones that are driving pricing down as they are willing to do anything they have to do to stay competitive because they have difficulty competing with the larger more established players.

Your postings are simply spreading bad information that is not accurate. You apparently are being misled by individuals that perhaps may have alternative motives

It is my opinion that one of the major factors for Cigna going with Linkia was because Linkia was connected with Hanger. Hanger has a well earned reputation for providing quality care across the network that is what I believe to be one of the major reasons for working with Linkia.

The O&P industry is not regulated, there is little or no licensing and no controls for total quality management what so ever. Linkia is the only solution to ensure minimal quality care across the network. Local one man shops have no internal controls, no audit process and no regulations. The only way to ensure Cigna members receive consistent quality care was to participate with Linkia, they are the only company that can ensure minimal standards are maintained nation wide.

[Ed. The following paragraph, while it is the writer's opinion, is not accurate – I might know - since I did all the research to put together my appeals. We obviously used similar sources and I did quote some Hanger documentation. I am honored, however, that my communication of the facts rivals Hanger's!]

On another but related topic, when I read your web site and the appeal letters to Human I was quick to notice that your letters seemed very familiar. I did a little digging and realized that your letters were very close copies of appeal documentation created by Hanger. You also make numerous references to how Hanger has created and established guidelines for proper application of care. It was because of the work done by Hanger, and the apparent fact that you somehow managed to obtain copies of Hanger materials to support your appeal is what enabled you to receive approval for your prosthesis. It is therefore somewhat obvious that if it were not for the high degree of quality care established by Hanger, you most likely would not have received the prosthesis you now wear.

For the record, my father in law has Cigna insurance and had his most recent leg made at Hanger after having many bad experiences with other local practices, and for the first time in over 6 years he now can walk in comfort. So on both a person and a professional level, there is little doubt that this relationship is good for all parties.

I hope that you will also post my response on your web site. If you really want to "do the right thing" then you should provide insight to the entire situation and recognize that this is good for the patients, protects them to ensure quality care. I look forward to reading this posting on your web site and appreciate your offer of confidentiality.

[Ed. Please note that I do not believe that CIGNA should cancel all contracts with Hanger/Linkia or that all Hanger staff/facilities are bad! I do believe that the writer's father-in-law should be able to go to his Hanger prosthetist — and that I should also have a choice!]