

## State is working on own reform bill

By Della de Lafuente  
The Arizona Republic

With the fight over HMO reform about to heat up in the Arizona Legislature, all eyes are on Texas, the first state to permit lawsuits against HMOs.

Early indications from Texas don't support the theory that the health maintenance organization industry faces a torrent of litigation. It's quite the opposite: Lawyers in Texas say five lawsuits have been filed since the law went on the books in 1997. The number of appeals of insurance rulings by Texas HMOs also has been lower than initially projected.

"It's not been that big of a deal. There hasn't been a rush of litigation," particularly when external reviews of HMO decisions are available, said Judy Waxman, director of government affairs for Families USA, a health care advocacy group that tracks state legislation nationally.

Several proposals that would give consumers that right to sue their health plans are making their way through both sides of the Arizona legislature.

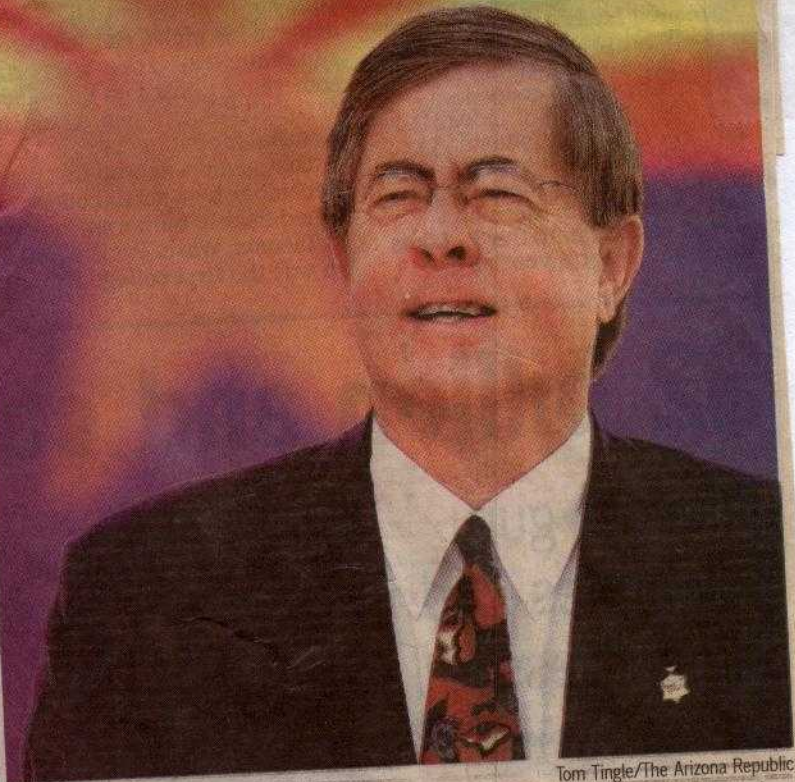
One bill that would dramatically change the way HMOs operate in Arizona is House Bill 2600, the Managed Care Accountability Act, sponsored by Barbara Leff, R-Paradise Valley. The proposal, which includes a right-to-sue provision, won overwhelming support in the House and awaits action this week in the Senate's Financial Institutions and Retirement Committee.

Lawsuits "are a last resort, not a first resort," says Larry Levitt, director of the Changing Health Care Marketplace Project of the Henry J. Kaiser Family Foundation.

His group has spearheaded several studies that concluded that the impact of state liability legislation on the number of lawsuits filed would be modest.

"The vast majority of problems that consumers have (with health plans) can be resolved. Most don't even have to go to court or through an external appeal," Levitt said, noting that HMOs could do a better job of resolving consumers' problems.

The Texas law says patients may sue their HMOs if a health plan failed to use "ordinary care" in denying or delaying payment for care recommended by a plan



Tom Tingle/The Arizona Republic

As a lobbyist, Ed Wren usually can cut through red tape, but he had trouble doing just that when it came time to deal with his HMO.

## Ex-HMO lobbyist wrestled red tape

By Della de Lafuente  
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Lobbyist Ed Wren makes a living cutting through red tape to win or defeat state legislation for his clients.

So imagine Wren's frustration when neither a medical caseworker nor his own doctor could help navigate the complexities of his HMO to get treatment for a diabetic ulcer on his right foot.

Such injuries are a serious problem for diabetics because the disorder weakens circulation in the lower extremities.

"I know the system, had my own caseworker, and still had to fight for everything, every step of the way," said Wren, 53, of Phoenix, who until last August lobbied on behalf of the Pacific Care and FHP health plans. Today, his clients include the Phoenix Police Department, city

of Tempe and a soft-drink industry trade group.

Wren is one of many Arizonans who support reform proposals moving through the Legislature that would overhaul the way HMOs provide care for patients.

When Wren's HMO failed to approve two drugs prescribed by his doctor to treat his foot, the foot became infected, nearly forcing doctors to amputate it.

A surgeon at the Arizona Heart Institute operated on Wren's foot last November and saved it. But Wren lost his little toe.

Wren limps when he walks but is expected to fully recover.

Though he's not an ardent proponent of giving patients the ability to sue their health plans, Wren learned first-hand that HMOs can be tough on patients and doctors.

"Under limited circumstances, it should be allowed," Wren said.

state legislation released last week by the Blue Cross and Blue Shield Association in Washington, D.C.

Forty states considered such legislation last year, with three — California, Georgia and Louisiana — putting laws on the books late in 1999. Laws in those states are in the early stages, so there is little data on the number of lawsuits filed against HMOs there.

One theory for the dearth of lawsuits is that the public is using the appeal process to get health-care decisions reversed in their favor.

Thirty states, including Arizona, allow patients to appeal insurance rejections by their HMOs, the American Association