

knowledge among current and former employees that the CEO, Ellen Wells, purposely put off changing to Messengering because she was under the impression that the DOJ would just disappear. She was also concerned that it might reduce the 5% withhold that MHC was charging the providers on their claims and jeopardize the collections, thus impacting her bonus. She has shown noting but total disrespect for the government and total disregard for the employers that contracted with MHC for what they thought were discounted rates from physicians. MHC deserves to dissolve and Ellen Wells deserves to be named as the primary perpetrator of this disaster.

Sincerely,  
Concerned employees

January 26, 2003.

Mr. Mark Botti  
Chief Litigation I Antitrust division,  
United States Dept. of Justice, 1401  
H Street NW., Room 4000,  
Washington, DC 20530.

Dear Mr. Botti, If Mountain Health Care did what you say it did, why does the company run ads in the newspaper making it sound like it is totally innocent of anything? (Please read the ads that I include in this letter). I am confused.

Thank you.

#### **Myths and Facts about Mountain Health Care**

Since the federal government's announcement of a forced dissolution of Mountain Health Care a few weeks ago, some of the facts of the case have gone unanswered. Here are answers to some of the misunderstandings and most commonly-asked questions about this issue.

**Myth:** Mountain Health Care is an insurance company and/or contracts with managed care companies.

**Fact:** Mountain Health Care is a fully credentialed network of providers (physicians, therapists, nurses and medical laboratories, to name a few) which contracts directly with self funded employers and fully insured companies. Mountain Health Care does not approve or pay claims, and has no contracts with managed care companies.

**Myth:** In order for an individual to see a Mountain Health Care provider his/her employer must participate with Mountain Health Care.

**Fact:** Since Mountain Health Care is not an exclusive network, providers are free to participate with any network

or plan they choose. Your employer does not have to contract with Mountain Health Care in order for you to see those providers.

**Myth:** The Mountain Health Care fee schedule resulted in artificially higher reimbursements for physicians.

**Fact:** The majority of health plans covering lives in western North Carolina have fee schedules, most of which offer higher total reimbursements than Mountain Health Care's fee schedule. In response to existing antitrust guidelines, Mountain Health Care has transitioned to a messenger model where each payer negotiates directly with each physician.

**Myth:** Mountain Health Care providers set their office charges based on the Mountain Health Care fee schedule.

**Fact:** Providers in western North Carolina establish their own office charges. These charges apply to all patients seen by the provider regardless of their health plan, are set independently and are not shared with other providers.

**Myth:** All Mountain Health Care providers are company shareholders.

**Fact:** Of the 1800 participating providers in the Mountain Health Care network only 401 physicians have chosen to be stockholding members.

**Myth:** Mountain Health Care has no competition in the western North Carolina market.

**Fact:** Employers in the western North Carolina market place are contracted with many different health plans. Mountain Health Care members make up an average of only 8% of our providers patient base, and the overwhelming majority of Mountain Health Care providers participate with other plans.

**Myth:** The federal government discovered that Mountain Health Care's fee schedule is so high it has led to higher health care costs in western North Carolina.

**Fact:** Premiums have increased in all types of health care plans and in most regions across the country; the increase in health care costs in western North Carolina is not unusual. There are many factors that influence overall health care costs across the nation including improved technology, rapidly escalating drug prices, an aging population, the trend toward higher jury awards in medical malpractice cases and hospital consolidations. Physician fees account for less than

22% of total health-care costs and it is difficult to see how Mountain Health Care, whose covered lives represent only 8% of our providers' patient base, could be held primarily responsible for these increases. The January 21, 2002 issue of *Modern Healthcare*, the industries leading business trade journal stated, "The government blamed the acceleration [of health-care costs] on larger increases in the indices for prescription drugs and hospital services," while Mountain Health Care's prices, with minor exceptions, did not increase between 1994 and the present.

**Myth:** The doctors who formed Mountain Health Care did so in an attempt to secure comparatively higher reimbursement rates.

**Fact:** Mountain Health Care was formed to ensure quality, cost effective health care for the residents of western North Carolina.

We hope that our members and all residents of western North Carolina, after considering all the facts, understand that the existence of Mountain Health Care did not cause your health care costs to increase. We also hope you will realize that the forced dissolution of Mountain Health Care will in no way lower or drastically alter health care costs within the region. Now, as always, Mountain Health Care and its participating providers have the best interest of our members and community at heart and will do all that we can to continue to provide cost effective, quality health care to you.

January 8, 2003.

Mark J. Botti, Chief  
*Litigation I, Antitrust Division, United States Department of Justice, 1401 H Street NW., Room 4000, Washington, DC 20530.*

Dear Mr. Botti: In the 16 years I have been in the managed health care industry I have never heard anything as ridiculous as the accusations made by the DOJ and their decision to shut down Mountain Health Care.

The DOJ's press release states that Mountain Health Care's contracting is a practice which resulted in consumers paying increased prices to Mountain Health Care's physician members for health care services. This is ridiculous. Yes, the MHC physician's have a fee schedule, but they also have a fee schedule with Aetna, Cigna, United Health Care, BC/BS and the list goes on and on. In no way was the physician's reimbursement under the Mountain Health Care fee schedule higher than it was under any of the other managed