

# Druggists miffed over payments

By Rich Swenson  
staff writer

Local pharmacists are irritated with Blue Cross/Blue Shield of Michigan (BC/BS) over alleged delays in cash reimbursements for prescription drugs they claim are causing financial hardships to their businesses.

And they plan to do something about it.

Many pharmacists will meet this month to express their discontent with the state's largest insurance carrier. One option considered is to picket BC/BS's offices in Detroit to inform people of the problem.

"They (BC/BS) are purposely slowing down payments that are causing hardships to us," said Ed Downing, owner of Downing Pharmacy in West Bloomfield. "We call them every week and get the same response — 'the check is in the mail.'"

An informational meeting is scheduled at 8 p.m. Thursday, Jan. 26, at the Sheridan Oaks Motel, 12 Mile off the I-96 expressway, Novi, to discuss this issue and possible action against BC/BS.

**DOWNING ALLEGES** that BC/BS, which lost \$9 million in health care this year but gained \$3.8 million in "other investments," is using pharmacists' reimbursement money to invest in other companies.

"They are putting a lot of money in money market funds and commercial paper for a nice profit," he said.

Downing said at least 50 percent of the prescriptions he fills are covered by BC/BS, and delays in payments make it difficult for him to pay for new inventories of drugs.

"It has been a problem since October," he said. "We used to get a check every week. Now, there is up to a 30-day delay. It's killing my cash flow."

BC/BS acknowledges the delays, but claims it is due to the recent installation of its new computer system in New Hudson.

"WE KNOW THERE is a problem, but we are doing everything we can to deal with it," said Rudolph DiFazio, director of media relations. "Like with any new computer program, there are bugs that need to be worked out. But we are confident that they will be worked out in the near future."

The computer system was implemented by Diversicare, a wholly owned subsidiary of BC/BS.

DiFazio denies that BC/BS is using reimbursement funds for investment purposes.

"It's totally erroneous to suggest that we are doing anything underhanded," he said.

In fact, BC/BS has gone out of its

way to provide payment advances to pharmacies that have experienced financial problems because of the delays, according to DiFazio.

"There may still be isolated individual problems, but we have made accommodations for those suffering financially," he said.

**SOME PHARMACISTS** believe the delays stem from a new form and system developed by BC/BS.

"The form, itself, is the cause of the problem," said Ron Dziurlikowski, owner of Cranbrook Pharmacy in Birmingham. "Before, each prescription drug was assigned a particular Blue Cross number to get reimbursed. Now, they tell us not to use that number, but a National Drug Code (NDC) number plus an extra digit we have to add ourselves."

He said the new form has caused problems for customers he claims have been rejected, even though they have legitimate coverage.

"It's an extra step and time consuming, and it adds to the delays," Dziurlikowski said. "More than ever before, they (customers) are being listed as having ineligible cards. What we're changing is that the patient has never changed before. Then, they (BC/BS) force us to re-submit the claim."

"I thought the old program was hard enough to work with, but the new program has become impossible," he added.

**SMALLER PHARMACIES** are not the only businesses experiencing slower cash reimbursements.

Sentry Drugs, which operates 19 stores in the metropolitan Detroit area (including two in Southfield), also finds major problems.

"Some of the drugs that are the most popular don't even have a code number," said Sentry owner Clyde Warren. "No codes have ever been established."

While he understands what BC/BS is going through with the implementation of its new system, he questions whether BC/BS is sincere in its efforts to get back on the right track.

"There is no one to talk to, to get any results," he said. "They have to understand that we have to recoup this money that's outstanding. I wish they were more sympathetic."

**THE PROBLEMS** have gotten so serious that the Michigan Pharmacists Association (MPA) has publicly questioned what BC/BS is doing with the reimbursement money.

"Since Oct. 1, they (BC/BS) have been extremely tardy in their payments," said David Bennett, MPA's director of pharmacy and legislative services. "It becomes awfully hard for pharmacists to service customers when

up to 30 percent of their money is tied up in reimbursements."

He said both the state's attorney general and insurance commissioner's offices are investigating BC/BS regarding cash transfers to its subsidiaries.

The MPA has given pharmacists to support in their fight against BC/BS and plans to back them in any way possible, Bennett said.

However, federal anti-trust laws

prohibit such drastic measures as boycotting, so the MPA and its members are working on other alternatives.

"Unfortunately, we are limited in what we can do," Bennett said. "But, we can still legally undertake an informational picket to draw public attention to the problem. And we are working on other legal avenues that will have long-range effects to protect us in the future."



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