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Medicare, Medicaid health dollars monitored

By Doug Funke
staff writer

Who says that the battle for quality health care at an affordable price is a losing proposition?

Certainly not Michigan Peer Review Organization, a Plymouth-based, non-profit company that examines hospital admissions and treatment plans paid for elderly people through Medicare and poor people through Medicaid. The review of records is required by both federal and state payment programs.

A for-profit subsidiary established by MPRO, Pathways provides preadmission and surgical reviews on medical necessity for employees of self-insured companies.

Both MPRO and Pathways have the same goal.

"We assure that services to Medicare beneficiaries and Medicaid recipients are necessary, appropriate and meet recognized professional standards," said Gary G. Horvat, MPRO chief executive officer.

"Our mission is to assist employers in controlling health care costs by ensuring dollars they're spending are for appropriate medical care," said Sara Daniel, a registered nurse and Pathways' director of program services.

"We also offer strategic planning for future benefit packages, and we can ask questions on behalf of the client and their employees they're not able to ask themselves (during traumatic times)," she said.

MPRO REVIEWS Medicare and Medicaid hospital admissions and treatments after the fact. Pathways reviews before the fact.

Nurses are at the forefront of the field work. Last year, they randomly sifted through more than 475,000 annual Medicare hospital admissions and out-patient treatment records. If something struck them as irregular, they sent the files to a doctor for further review.

At least two MPRO doctors, including a specialist in a case under scrutiny, must have agreed that an admission or medical procedure was unnecessary for payment to be denied. Attending physicians and hospital administrators can explain their treatments during the review process.

If the denial is upheld, Medicare and Medicaid request reimbursement. There were 1,800 denials last year.

Denials of Medicare hospital admissions most likely were found in cases involving diabetic reactions, lower back pain and false stroke symptoms.

WHEN MPRO started reviewing cases in 1985, the



BILL BRESLER/staff photographer

Gary Horvat, Karen Connolly and Rita Daniel, administrators for Michigan Peer Review Organization and Pathways, monitor quality of medical care and return on health-care dollars.

denial rate was 8-10 percent, said Karen W. Connolly, a registered nurse and MPRO chief operating officer. Last year, it was 1.5 percent.

"A change in practices . . . there's been so much education," Connolly said, has accounted for some of the decline.

The potential for denial "carries a lot of weight and is kind of an incentive for hospitals and physicians to provide alternative settings for care," she said.

"Because we believe (hospital) admission isn't necessary doesn't mean a patient doesn't get care in another setting," Horvat said. Alternatives such as doctors' offices and clinics generally cost much less than hospitalization.

"The other half of the MPRO program is to ensure quality care," Horvat said. "We spend as much of our

resources on quality review as admissions review."

"Each case has a variety of reviews," Connolly said. "Patient stability can be reviewed at discharge. You look for untoward occurrences — sores, a fall, medical problems, infections."

A QUALITY issue surfaced in just 1.6 percent of the cases reviewed last year, she said. Quality care questions most often centered around documentation deficiencies, then failure to address test results or changes in a patient's condition.

"The bottom line in dollars is that it costs less to do it right the first time," Daniel said.

Pathways, in business since 1990, is a break-even prospect at this point, Horvat said. Major clients include Arbor Drugs and Michigan National Bank. It may see that pre- or post-medical reviews would

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limit services, MPRO/Pathways administrators concede, but appearances can be deceiving.

"Employees and consumers have a tendency to be skeptical of change and assume every change is a reduction in health care," Daniel said. "If you have surgery you don't need, you expose yourself to risk. We want people to get all the health care they need, not more than they need or the wrong kind."

"We're assuring they (users) are getting good, quality care when they need it," Connolly said. "We are someone they can come to with questions."

"I THINK it's important that the health care consumer know there's an organization in the state out there to improve the quality of care," Horvat said. "Everyone has their own personal interest. We stand above that to make sure the patient gets the best quality of care they can."

"There are several forms of savings — those we can identify (through reimbursement denials) and those of a sentinel effect," he said, referring to what isn't done, anticipating an unfavorable review.

MPRO reported revenues of \$12.6 million for year ending Sept. 30. About \$8.9 million came from a federal contract, \$3.4 million from a state contract and the balance from interest, consulting and grants. None of that revenue depended on attaining a specific denial rate in reviews, Horvat said.

He declined to reveal figures for Pathways, which is privately owned.

Does cost containment really matter?

Tax dollars saved by unnecessary health care could be spent on other programs. And money saved on medical costs and benefits by employers could be applied to direct wages.

American ideas ripe for foreign piracy

By R.J. King
special writer

Faced with diminishing prospects at home, American companies are beginning to explore potential sales in the fledgling European Community or the Pacific Rim.

But for businesses that set their sights for foreign shores, there is the ever-present danger of creating a brand-new competitor with unlimited access to cheap labor.

Consider the plight of the computer software industry, which loses \$12 billion a year to foreign bootleggers.

"If you go into a foreign country without exploring patent protection and future competitors, it's likely your products will be made cheaply in another country and then shipped back and sold here," said David Sjekels, vice president of the Multifastener Corp. in Redford, which supplies self-piercing fasteners for use on sheet metal to a host of industries.

"When we expand outside North America, we have a two-tiered strategy. One is to establish affiliate ties with companies in the country we plan to enter, and the other is to apply for patents in the same country. By establishing affiliate ties, we (I) the void of potential competitors and make it very difficult for anyone else to copy our products."

IN OTHER WORDS, Multifastener signs potential competitors to its team before the game begins. By establishing affiliate ties, Sjekels said, the corporation believes it has a stronger presence in the markets it attempts to serve, while making it more difficult for potential competitors.

The theft of intellectual properties — ideas and innovations protected by patents, copyrights and trademarks — is a critical problem for American businesses, according to the U.S. International Trade Commission. U.S. companies lose close to \$60 billion a year to piracy abroad, most of it concentrated in the Middle East, Asia, the Pacific Rim and South America, the commission estimates.

The hardest hit industries are computer software, pharmaceuticals and entertainment.

"It's mind boggling to consider the amount of money foreign companies are making off American inventions and American manufacturers," said Ray Scott, a patent attorney with Dykema Gossett in Bloomfield Hills, one of the state's largest firms. "Basically it's 'seller emporium.' Each country has its own restrictions and its own set of rules."

"Already, I've run across instances where even contact with a foreign representative causes considerable damage. The rep will meet with a U.S. company, and as soon as they leave, the rep will register the company's trademark in his country and start doing business."

"Then it's up to the U.S. company to either liquidate or work with the rep. If they pursue legal channels and try to stop the patent infringer, a tremendous victory is considered a walk in the violation and a recovery of court fees. That's pretty tough to swallow."

SO HOW TO expand overseas without sacrificing the company's crown jewels? Scott strongly recommends companies investigate potential problems here at home before beginning to move products on foreign soil or establish contact with a foreign government official with unknown motives.

To that end, Dykema Gossett recently established its own Intellectual Property Group to provide high technology trademark and copyright counsel for the firm's national and international clients.

"International patent law is very complex and very specialized," Scott said.

PETER THIELENHAUS, a native of Germany and president of International Marketing Systems, a turnkey firm in Livonia that assists U.S. companies looking to expand into Europe and Asia, said he works with several patent attorneys on behalf of his clients.

"The only way to protect your company is to work with a patent attorney here who specializes in a particular market," Thielhaus said. "Otherwise you run a very great risk of getting burned. Not only must you catch a patent pirate in the act, but you also have to contend with foreign courts, which tend to favor the home team."

International Marketing Systems, which has seven employees, has operated a European office since 1984. But even with the potential for piracy, Thielhaus strongly urged domestic companies to investigate a possible foreign extension of their operations, especially in Europe, which is forming a common market.

"Outside of their native base, the U.S. is the second-largest supplier of parts to the German automotive industry. By European standards, American quality is very good and pricing is very competitive. Many American companies have an excellent chance of success in Europe, but they must make the first step."



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