



**DAVIES PUBLIC AFFAIRS 2008 NATIONAL SURVEY ON HOSPITAL OPINIONS  
OF PAYORS (MAJOR PRIVATE HEALTH INSURERS):**

**HOSPITALS VIEW THEIR RELATIONSHIPS WITH NONPROFIT AND NON-  
INVESTOR-OWNED BLUE CROSS BLUE SHIELD PLANS MUCH MORE  
POSITIVELY THAN THOSE WITH THE LARGEST FOR-PROFIT INSURERS**

**MARCH 2008**

On March 7, 2008 Davies Public Affairs released the results of its second annual survey to assess what hospital executives think about the major private health insurers with whom they relate. Their report is available at <http://www.daviespublicaffairs.com/healthcarenews.php>.

There were 113 respondents, from 44 states and Washington, DC, representing more than 500 hospitals, or at least 10% of all U.S. hospitals. They were screened to ensure that they were responsible for negotiating contracts with major health insurers, and they responded confidentially online. 65% of the respondents negotiated contracts for both hospitals and physician groups, 30% for hospitals only, and 5% for physician groups only.

The survey was designed and implemented by Fabrizio, McLaughlin and Associates.

**Results**

Except perhaps when Blue Cross and Blue Shield plans were initially created respectively by hospitals and physicians, there have always been some tensions in the relationships between health care providers and health insurers. Each health care provider and each health insurer comes to the table with its own perspectives on what is fair, adequate and timely payment, and each is likely to leave the table with a different view of whether the outcomes of negotiations or other discussions have been satisfactory. So it should not be surprising that in a survey of this kind, different hospitals would have different opinions about any particular health insurer. How in aggregate they view a specific insurer, however, does provide some important insights into relationships. (Equally valuable would have been a simultaneous survey of the same private health insurers asking their opinions about the same hospitals.)

Davies' own report, and the ensuing press coverage, focused primarily on the exceedingly poor showing in this survey of United Healthcare, the largest for-profit health insurer, with 91% of respondents indicating an overall unfavorable opinion. Seemingly lost in the shuffle of the report and press coverage, however, were the following findings:

- Hospitals held comparatively positive opinions about the nonprofit and non-investor-owned Blue Cross Blue Shield plans<sup>1</sup> (Only one for-profit insurer, Aetna, showed somewhat better overall results, but Aetna represented on average less than 7% of respondents' insurance revenues compared to over 20% for the nonprofit Blue plans)
- Hospitals held comparatively negative opinions about the second largest for-profit health insurer: WellPoint (for-profit Blue plans)

Below is a table showing both overall results and results for each specific element of the relationship surveyed--for the nonprofit Blue plans, for WellPoint, and for United Healthcare. Together they accounted for about 56% of the respondents' insurance revenues. About 26 % of respondents' insurance revenues were accounted for by miscellaneous health insurers not identified in the survey, and the remaining 17% by a combination of Aetna, CIGNA and Coventry/First Health.

### Overall Opinion

<b>Item Surveyed</b>	<b>Nonprofit Blue Plans</b> +% Favorable/ -% Unfavorable	<b>WellPoint</b> +% Favorable/ -% Unfavorable	<b>United Healthcare</b> +% Favorable/ -% Unfavorable
Image/Reputation	+46/-38	+20/-48	+8/-91

### Opinions About Specific Elements of the Relationship

<b>Item Surveyed</b>	<b>Nonprofit Blue Plans</b> +% Best/ -% Worst	<b>WellPoint</b> +% Best/ -% Worst	<b>United Healthcare</b> +% Best/ -% Worst
Contract Negotiations	+17/-7	+6/-12	+4/-64
Rates	+13/-21	+3/-23	+12/-37
Honesty/Candor	+27/-7	+13/-16	+5/-58
Timeliness/Responsiveness	+24/-5	+12/-9	+4/-51
Claims processing	+28/-7	+20/-8	+4/-59
Claims Denials	+22/-12	+10/-16	+3/-44
Fixing Claims	+22/-9	+18/-9	+8/-60
Dealing with Critical Hospital Issues	+27/-5	+8/-12	+4/-73
Reducing Paperwork	+25/-10	+17/-16	+10/-28

<sup>1</sup> The report refers to these plans as State/Regional Blue Cross Blue Shield Plans. They are in fact virtually all nonprofit or non-investor-owned Blue Cross Blue Shield plans. For brevity's sake, the remainder of this paper refers to these plans as simply "nonprofit Blue plans."

## **Conclusion**

The above results indicate that in almost all aspects of relationships, hospital perceptions about nonprofit Blue plans are more positive than negative, and are far better than hospital perceptions about the two largest for-profit payers. It should come as no surprise, then, that hospitals and their state associations have often opposed conversions of nonprofit Blue plans to for-profit status.