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Medical  
Association  
of Georgia

*Building a Better State of Health Since 1849*

September 10, 2007

Ronald A. Williams, CEO  
Aetna Inc.  
151 Farmington Avenue  
Hartford, Connecticut 06156

Dear Mr. Williams:

The Medical Association of Georgia (MAG) has received complaints from physicians across the state about the misleading and often damaging information included about them in the Aetna Aexcel designation program as published to patients. The purpose of this letter is to inform you about the nature of our concerns and to urge you to immediately remove the Aexcel designation program, as presently designed, as a show of good faith in your relationships with physicians.

The Aexcel program purports to allow patients to make well-informed health care decisions by informing them whether their physician practice has demonstrated effectiveness in the delivery of care, based upon whether they have met Aexcel clinical performance and efficiency measures and are therefore "Aexcel designated." There is strong evidence that much of the profiling information used in Aexcel and other similarly designed programs are based on methodologies and measures, which are inadequate, inaccurate, and unproven. The goal of cost efficiency profiling, as we understand from your materials, is for controlling costs by enhancing health system cost efficiency. However, this cannot be achieved if profile information is inaccurate. Inaccurate measures of physicians' cost efficiency performance can impugn physicians and damage reputations, and such measures will not produce efficiency improvements.

In fact, the American Medical Association passed a policy related to tiered networks such as yours. The policy states that third party payers should: 1) Disclose, in plain language, the criteria by which the carrier creates a tiered, narrow or restricted network, 2) Monitor their development so that they are not inappropriately driven by economic criteria and that patients are not caused health care access problems based on limiting specialists, 3) Seek legislation regulation which prohibits the formation of networks based solely on economic criteria, and 4) Insure that physicians are informed of the criteria for participating in those networks.

MAG's concerns were first communicated to Dr. Jack Spicer during a meeting he had with MAG members and staff in April, when he outlined your plans to begin the program.

Our specific concerns are as follows:

1. Aexcel measures of cost efficiency performance do not appear to be directly tied to specific measures of quality of care performance, to which many plans are requiring conformance, making

them arbitrary and isolated from the full range of care, which might be indicated for the condition. For example, if a physician performs every procedure, orders every test, and prescribes every medication that relevant clinical guidelines indicate should be performed, ordered and prescribed, episodes managed by that physician are likely to appear more costly, and therefore inefficient, in economic profiles. Unless this link is established, cost efficiency measures would not properly correlate with the clinical guidelines now being referenced by health plans.

2. Aexcel's episodes of care do not appear to be sufficiently risk adjusted by severity, complexity, and demographic characteristics among the patients included, but are simply averaged by the actual costs of all episodes of the same type. These adjustments are necessary to reach an accurate and just conclusion. Ingenix, a prominent vendor for software package Episode Treatment Groups offers at least one person-level risk adjustment package called Episode Risk Groups, which indicates the added need for an episode cost adjustment for influences of co-morbid conditions.
3. It is not clear whether cost outlier episodes are identified and minimized to avoid the potentially distorting effects of abnormally high or low cost episodes. Research has shown that choice of cost outlier methodology has an effect on the reliability of physicians' cost efficiency scores, however small. (Thomas JW, and Ward K. "Outlier Treatment and Episode Attribution Rules for Economic Profiling of Physician Specialists." *Inquiry*.)
4. Claims data alone is not a sufficient indicator of the quality and cost efficiency of a physician's patient care. As we understand, the Aexcel program uses the physician's claims to aggregate each physician member's claim records into "episodes of care," where an episode of care refers to a period during which a disease process is present and is being managed—diagnosed and treated—by health care providers. Claims data represents only one element of the physician-patient treatment plan. It does not represent the entire patient and treatment profile, including the co-morbid conditions and other unique patient characteristics. Physicians consider the patient's chart to be the only reliable source for such information. This alone calls into question Aexcel's rating system.
5. Attribution of the cost of a patient's episode of care to only one physician when multiple physicians have contributed to the costs is an inaccurate method of attributing costs in the rating system. As we understand, Aexcel's responsibility for individual episodes are all attributed to only one physician, (the physician providing at least 30% of the professional and prescribing costs) even though there may be multiple physicians involved in the episode of care. On its face, this would not be an accurate cost accounting method.
6. Aexcel uses an insufficient volume of episodes in arriving at their cost efficiency score. Studies reveal that the factor having the single greatest effect on cost efficiency score reliability, and thus on the validity of physicians' cost efficiency scores, is the number of episodes used in profile construction. Aexcel uses a volume of 20 episodes to construct a physician's economic profile, an amount that falls on the low end for cost efficiency score reliability. Dr. J.W. Thomas of the Institute for Health Policy at the University of Southern Maine conducted a study on the sampling variability on measured cost efficiency scores for cardiologists based on the use of 10, 30 and 50 episode samples. Dr. Thomas found that with a sample of 30 episodes, there is an 82% chance that episode mean cost will be within approximately \$200 of the cardiologists' true mean episode cost of \$1,093. With 50-episode samples, this probability improves to 92%, but with 10-episode samples the probability is only 58%. According to this study, Aexcel's 20 episodes volume, alone,

would create an accuracy rate somewhere between 58% and 82%, an unacceptably low rate of accuracy. (Thomas, JW. "Sample Size Considerations in Economic Profiling of Specialist Physicians." Portland, ME: Institute for Health Policy, Muskie School of Public Service, University of Southern Maine, 2005)

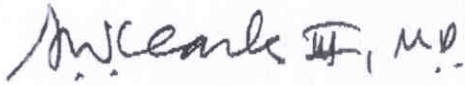
The Medical Association of Georgia has a case in point concerning the questionable accuracy of Aexcel. Dr. John S. Harvey, a General Surgeon/Trauma Surgeon in Alpharetta, Georgia was recently notified by Aetna that his practice did not receive Aexcel designation, nor will it be considered for Aexcel designation in 2008. Dr. Harvey contacted the Aetna office to inquire further about the basis for his exclusion and the specific methodology used. He was told that he would not be able to speak with the author of the letter concerning his non-designation, Mr. Ramzy ElGomayel, nor the Director of Georgia Network Market, which was also identified in Aetna's letter to him. Only later, after suggested by MAG's Third Party Payer Advocate to Dr Spicer, was Dr. Harvey finally contacted by Mr. ElGomayel and Dr. Jack Spicer from your company.

After reviewing the back-up data used for his profile, Dr. Harvey noted that many of the costs included in the assessment were not his costs at all, but that of the hospital. Other service costs listed were often unclear, with additional costs often lumped in to the Physician Fee Schedule service payments at random and without clear explanation. A further failure of the program was to allow physician review of the findings before publication. We believe it is imperative that any program which presumes to report a physician's clinical performance and efficiency should have review capabilities by that physician before the data is used and reported.

The Medical Association of Georgia has long supported improvements in clinical performance of its physician members. We were one of the first medical societies to organize an Institute for Excellence in Medicine several years ago, which presently oversees some 20 grant projects in this area. However, when health plans are using financial incentives in the management of health care, we believe they must be guided by carefully established principles, which do not compromise physicians or the medical care they provide, as outlined in our preface. These programs can have far-reaching effects and therefore must be scrupulously accurate in their execution.

Accordingly, on behalf of Dr. Harvey and other Georgia physicians who are the unwilling participants in Aetna's Aexcel program, MAG asks that Aetna immediately suspend the Aexcel program and its physician designations as now published. Furthermore, we ask that you provide us a complete and indepth description of Aexcel's program content and formula as used in determining a physician's special designation and the rationale for including hospitals costs in an individual physician's efficiency profile, when these are separate business entities of which the physician has no control. Moreover, the Medical Association of Georgia urges Aetna to promptly address the concerns expressed above by working to establish positive physician relationships based on accurate and valid clinical performance and efficiency measures. We also request that the Aetna Physician Advisory Board review our concerns.

Sincerely,



S. William Clark III, M.D.  
President



John A. Goldman, M.D., Chairman,  
MAG Third Party Payer Committee

SWC:JG/cg

- cc: Troyen A. Brennan, M.D., M.P.H., Senior VP and Chief Medical Officer of Aetna  
Robert Kropp, M.D., Senior Medical Director Southeast Region  
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