An Individual Practice Association
Sponsored by The Essex County Medical Society

ESSEX COUNTY HEALTH ORGANIZATION

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n Winslow, M.D.
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June 8, 1977

TO: ECHO Officers and Trustees

FROM: Enio J. Calluori, M.D., President

Dear Doctor:

I am reporting to you to keep you abreast on the recent activities in our IPA.

Enclosed please find a report I gave to the recent meeting of the Council of the Essex County Medical Society.

On Thursday evening, June 16th our Membership Committee will meet at 7:00 P.M. at the office of the Essex County Medical Society, 144 South Harrison Street, East Orange, New Jersey and our Physicians' Reimbursement and Fee Committee will meet at 8:00 P.M. at the office of the Essex County Medical Society immediately following the Membership Committee meeting.

If you are interested in sitting in on either or both of these Committees,please feel free to do so.

If not, I will see you at the Annual Meeting of ECHO on Tuesday evening, June 28, 1977 at the Carriage Trade, 88 Evergreen Place, East Orange, New Jersey. Immediately following the Annual Meeting we are holding a short meeting of the Board of Trustees in order to elect officers of ECHO for the coming year.

enc.

ESSEX COUNTY MEDICAL SOCIETY COUNCIL ACTIONS JUNE 7, 1977

ECHO PROGRESS REPORT

Dr. Enio J. Calluori, President of the Essex County Health Organization, reported that the Committees of this IPA have been most active and working directly with our Consultant, Mr. David Putman of American Health Systems.

The legal Contracts Committee, chaired by Dr. Arthur Bernstein, has met with representatives of Crossroads Health Plan to review all suggested contracts. These Contracts were also reviewed with AHS and are currently with an attorney for redrafting according to our specifications.

Dr. Bernard Robins, Chairman of the Physicians' Reimbursement and Fee Committee, held a meeting on April 26th and decided to poll all of our ECHO membership to determine their usual and customary fees, rather than accept an outside schedule. These questionnaire returns are now being computerized for presentation to Dr. Robins' next Committee meeting, which will be held on Thursday evening, June 16, 1977.

Dr. John Winslow has been studying the tasks of his Peer Review and Quality Assurance Committee and reviewing these tasks with EPRO, since the PSRO is contracting to develop a system of both in-patient and out-patient review for our IPA.

Dr. Frank Y. Watson, Chairman of the Financial/Administrative Committee, has held a meeting to review the May 11th proposal submitted by Jeff Hoeberichts of Crossroads Health Plan on General Systems Design.

Dr. Calluori informed the Council that he has sent a letter to each member of ECHO that the ECHO Annual Meeting will be held on Tuesday evening, June 28, 1977, at the Carriage Trade in East Orange, at 8:30 P.M. The slate of the Nominating Committee was also sent out with this letter. The membership will have much to vote on at this meeting, as the Committees, including the Fee Committee, should have their reports ready for their approval.

OFFICIAL BALLOT

ESSEX COUNTY HEALTH ORGANIZATION (ECHO)

Annual Meeting, Tuesday Evening, June 28, 1977 at 8:30 P.M., the Carriage Trade, East Orange, New Jersey.

Election of Fourteen Trustees for years 1977-1979

The following slate is presented by the Nominating Committee:

Donald P. Beirne, M.D.
George L. Benz, M.D.
Bruce J. Brener, M.D.
Daniel N. Burbank, M.D.
Enio J. Calluori, M.D.
Joel S. Cherashore, M.D.
Alphonse DePaola, M.D.
Frederick Grossbart, D.O.
Arthur S. Kern, M.D.
Bernard Robins, M.D.
Eugene R. Sims, M.D.
John J. Thompson, M.D.
~~John R. Tobey, M.D.~~ res
Marvin H. Wallen, M.D.
Norman R. Gevirtz, M.D.

Your Nominating Committee was George L. Benz, M.D., Chairman: Drs. Daniel N. Burbank, Humbert Gambacorta, Arthur S. Kern and Eugene R. Sims.

Other nominations:

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Please note: The terms of the following Trustees, who were elected for a two year term last Fall, do not expire at this time:

Gertrude O. Ash, M.D.
Arthur Bernstein, M.D.
Alton E. Bythewood, M.D.
Celestino Clemente, M.D.
Charles H. Edwards, M.D.
Humbert M. Gambacorta, M.D.
Herbert A. Goldfarb, M.D.
Marvin A. Kirschner, M.D.
Charles I. Nadel, M.D.
Alfred R. Richlan, M.D.
Benjamin H. Safirstein, M.D.
Jules A. Titelbaum, M.D.
John Winslow, M.D.
Frank F. Zaccardi, D.O.

Please note: The current Officers of ECHO are:

President	Enio J. Calluori, M.D.
President-Elect	Bernard Robins, M.D.
Vice-President	Frank F. Zaccardi, D.O.
Secretary	Alton E. Bythewood, M.D.
Treasurer	Arthur Bernstein, M.D.

The current Committee Chairmen are:

Physician Reimbursement & Fee Schedule - Bernard Robins, M.D.
Medical Practice - Norman R. Gevirtz, M.D.
Legal/contracts - Arthur Bernstein, M.D.
Peer Review and Quality Assurance - John Winslow, M.D.
Financial/Administrative - Frank Y. Watson, M.D.
Appeals - Celestino Clemente, M.D.
Membership - Charles I. Nadel, M.D.

ESSEX COUNTY HEALTH ORGANIZATION

ANNUAL MEETING

Tuesday Evening, June 28, 1977 at 8:30 P.M.

Carriage Trade, East Orange, N.J.

1. Call to Order by Enio J. Calluori, M.D., President ECHO

2. Election of Trustees

   Report of Nominating Committee - George L. Benz, M.D., Chairman

3. Committee Reports:

   Legal/Contracts Committee - Arthur Bernstein, M.D.

   Financial/Administrative Committee - Frank Y. Watson, M.D.

   Physician Reimbursement & Fee Schedule Committee - Bernard Robins, M.D.

4. New Business

5. Announcement: Will the Trustees kindly remain for a short meeting of the Board.

6. Adjournment

TRUSTEE MEETING IMMEDIATELY FOLLOWING ANNUAL MEETING

Election of Officers by the Trustees:

President
President-Elect
Vice-President
Secretary
Treasurer

Board elect one physician to Executive Committee

ESSEX COUNTY HEALTH ORGANIZATION ANNUAL MEETING

Tuesday Evening, June 28, 1977 at Carriage Trade 8:30 P.M.

PRESIDENT'S ADDRESS

Enio J. Calluori, M.D.

Fellow physicians! The 1st Annual Meeting of ECHO will come to order! When the Essex County Health Organization was incorporated last Fall I accepted the Interim Presidency of this newly formed Individual Practice Association until this Annual Meeting. It is said that there are three great American myths: 1) Of course the warranty will cover anything that goes wrong. 2) I certainly will respect you in the morning, and 3) I'm from the Federal Government and I'm here to help you.

Now it is true that HEW is financing the HMO (Crossroads Health Plan) and we are developing an IPA which will contract with this HMO to supply the medical services. But not all the Feds are saying they are coming to help us. Secretary of Health Education and Welfare, Joseph A. Califano,Jr., recently told the AMA that "Quality care for all at reasonable cost--is what we are about. Quality care has long characterized American medicine, but reasonable cost has not been the strong suit of either American medicine or most of its physicians and this is a serious shortcoming of the health care system." Secretary Califano went on to say that the health care industry is virtually non-competitive and that the physician is the central decision maker for more than 70 percent of health care services. He characterized our reimbursement mechanisms as either cost-plus or fixed fee-for-service

and his department considers this the most expensive and least efficient way to function. Secretary Califano in winding up his cost containment speech stated, "More and more physicians are joining and starting HMO's. There are progressive steps. We hope many more physicians will begin taking them."

You and I, here tonight, are therefore taking a look at the HMO-IPA route to attempt to forge a viable structure -- a way of maintaining various ways of practice in a pluralistic system. What we are developing is a management system for health-services delivery, set up and run by physicians. We plan to Peer Review (in other words, physician review) treatment in and out of the hospital, and claims which fall outside physician established standards will be referred to your peers for review and action. We plan to provide comprehensive health services for a fixed annual sum on a capitated basis and assume a small portion of the underwriting risk, while providing a high level of quality assurance.

The above is a large order. Its success cannot be guaranteed unless the plan we develop pleases physicians, patients and third parties such as employers and unions. I personally feel that we must take a look at this management system to not only keep ahead of Secretary Califano, but to keep ahead of the closed panel HMO's which are forming rapidly in all areas of New Jersey. If you do not wish to lose a percentage of your patients to salaried physician, closed panel HMO's, the IPA is your only answer.

CLOSED PANEL VS. IPA

Closed panel activity is State-wide and many of these HMO's have already begun to market and enroll employee groups. The HMO Act of 1973 requires employers to offer qualified HMO coverage to employee groups of 25 or more as an option. Perhaps the largest closed panel is the one at Rutgers in Middlesex County. The closed panel at Orange Memorial Hospital is operational and busily enrolling groups whose care will be handled by employed physicians.

The Individual Practice Association (IPA) type of HMO, unlike the group practice type of HMO:

(1) Preserves the fee for service approach.

(2) Preserves the physicians' patterns of practice and referral.

(3) Accommodates all types of medical practice from solo to clinic.

(4) Affords those enrolled in the HMO choice of IPA physicians who render care in their own offices and own hospitals.

CONSULTANTS

It is said that a consultant is a guy who knows 45 ways to make love, but doesn't know any girls. However, it seems they are necessary to bring their expertise to the development of a complex, risk model IPA and the Essex County Medical Society has helped to bring you knowledgeable consultants from American Health Systems, and Mr. David Putman has been working directly with all our committees and with Crossroads. His firm works only for medical associations and practicing physicians who need to learn about computerized health programs. AHS helped develop our PSRO and developed our physician owned captive carrier for professional liability coverage in this State, the Medical Inter-Insurance Exchange of New Jersey. I feel we have the best.

PHYSICIAN REIMBURSEMENT AND FEES

Aware that our planning efforts could live or fall flat in this area, Dr. Bernard Robins had held a series of meetings of his Fee Committee to carry out their committee decision to develop our own usual and customary fees and not go along with a pre-existing schedule. In line with my letter to all members of a few months ago, I said that this matter of fees would not be decided by the few, but by all who signed up as members of ECHO and would come to our Annual Meeting this June. We will have a report on this and other aspects of the IPA. I am pleased that all our committees have been active and I commend their reports to you for whatever is your pleasure.

I hope this Essex County Medical Society sponsored Individual Practice Association can meet Secretary Califano's challenge of dramatically improving the cost efficiency of our health care system while retaining our traditional insistance on quality care. I hope it meets his challenge of re-directing our health care efforts towards prevention as well as acute care. I hope that, if it does fail and you lose many patients to other systems developing around us, that you will remember that the Essex County Medical Society has reacted progressively to outside challenge and attempted to provide you with a modern vehicle to answer many of today's health care delivery problems.

And last, I call to your attention that almost all of the NHI Bills currently before Congress mention and give favorable attention to HMO's, whether they are closed panel or IPA's. My last hope is that we are taking a giant step forward for the profession I love and the most deserving people and patients in Essex County.

ESSEX COUNTY HEALTH ORGANIZATION (ECHO)

FIRST ANNUAL MEETING

TUESDAY EVENING, JUNE 28, 1977 AT 8:30 P.M.

AT THE CARRIAGE TRADE, 88 EVERGREEN PLACE, EAST ORANGE, N.J.

Enio J. Calluori, M.D., President, called the meeting to order at 8:30 P.M. Dr. Calluori explained to the membership that the Individual Practice Association, known as the Essex County Health Organization, was incorporated last Fall under the sponsorship of the Essex County Medical Society. On December 21, 1976 a brief organizational meeting of the incorporatingTrustees met and elected interim officers. Dr. Calluori stated that he accepted this interim term of President until the election to be held at our first annual meeting which was duly called for June 28, 1977.

Dr. Calluori presented his Presidents Address in which he explained why the Essex County Medical Society was sponsoring this IPA, the competition we plan to give the closed panel HMO's, the consultants we were using, the physician reimbursement plans and the status of HMO's. The entire text of his address will appear at the end of the minutes.

Dr. Calluori called on Dr. George L. Benz, the Chairman of the Nominating Committee,to present the slate drafted by his Committee. The Nominating Committee was composed of Dr. George L. Benz, Chairman, Drs: Daniel N. Burbank, Humbert Gambacorta, Arthur S. Kern and Eugene R. Sims.

Dr. Benz stated that according to our Constitution and By-Laws, the members had received notice of his proposed slate by mail on May 27, 1977 with the announcement of our annual meeting of June 28, 1977. The following slate is presented by your Nominating Committee for election of

fourteen Trustees for years 1977-1979:

Donald P. Beirne, M.D.
George L. Benz, M.D.
Bruce J. Brener, M.D.
Daniel N. Burbank, M.D.
Enio J. Calluori, M.D.
Joel S. Cherashore, M.D.
Alphonse DePaola, M.D.
Norman Gevirtz, M.D.
Frederick Grossbart, D.O.
Arthur S. Kern, M.D.
Bernard Robins, M.D.
Eugene R. Sims, M.D.
John J. Thompson, M.D.
Marvin H. Wallen, M.D.

An election was held and the above proposed ballot of 14 Trustees carried unanimously.

Dr. Benz noted that the terms of the following Trustees will not expire until the Annual Meeting next Spring:

Gertrude O. Ash, M.D.
Arthur Bernstein, M.D.
Alton E. Bythewood, M.D.
Celestino Clemente, M.D.
Charles H. Edwards, M.D.
Humbert M. Gambacorta, M.D.
Herbert A. Goldfarb, M.D.
Marvin A. Kirschner, M.D.
Charles I. Nadel, M.D.
Alfred R. Richlan, M.D.
Benjamin H. Safirstein, M.D.
Jules A. Titelbaum, M.D.
John Winslow, M.D.
Frank F. Zaccardi, D.O.

COMMITTEE REPORTS

LEGAL/CONTRACTS - Arthur Bernstein, M.D., Chairman

Because Dr. Bernstein was out of town, Dr. Calluori called upon Mr. Arthur R. Ellenberger to review the activities of this Committee. Mr. Ellenberger reported that the Committee had held two meetings to review the following Legal (model) Contracts:

1-IPA-HMO Service Agreement Contract
2-ECHO-Physician Agreement (Medical Group) Contract
3-ECHO-Provider Agreement (Type-of-Service) Contract
4-ECHO-Physician Agreement Contract

Following the two meetings of our Committee Barry Ostrowski, Esq., redrafted the contracts with ECHO Committee input. The contracts were then sent to Mr. David Putman of American Health Systems, Inc., consultants to our IPA for review and comment. Mr. Putman worked directly with Attorney Ostrowski on further needed changes in the model contracts.

However, they were still not in final approved form.

Dr. Benz moved that the general membership authorize the ECHO Board of Trustees to approve the four required model contracts when finalized and recommended by our Legal/Contracts Committee. This motion was seconded and carried.

FINANCIAL/ADMINISTRATIVE COMMITTEE - Frank Y. Watson, M.D.,Chairman

Dr. Calluori called upon Frank Y. Watson, M.D. to present his Committee report. Dr. Watson stated that they had held a meeting on the General System Design Preliminary Report prepared by Jef Hoeberichts on May 11, 1977. Present at the meeting on June 2, 1977 were Drs: Frank Y. Watson, David H. Dreizin, Alfred R. Richlan, Mr. Arthur R. Ellenberger and Mr. Jef Hoeberichts. Dr. Watson further met with our consultant, Mr. David Putman of American Health Systems to review the report.

The Financial/Administrative Committee recommended:

1- That there be a small co-payment up front, collected by physician members of ECHO
2- That the Peer Review functions are under the responsibility of ECHO or sub-contracted by ECHO to EPRO
3- That the review of appeals is a function of ECHO

Following much discussion, it was moved, seconded and carried that the report of the Financial/Administrative Committee be adopted and their recommendations approved.

PHYSICIAN REIMBURSEMENT & FEE COMMITTEE-Bernard Robins, M.D.,Chairman

Dr. Calluori recalled that earlier this year he sent a letter to all ECHO members stating that there would be no physician reimbursement schedule developed by a few physicians, but that a Committee would review the various means of reimbursing our members and present a report to the entire membership for its ratification. Dr. Bernard Robins has held a series of meetings of his Physician and Reimbursement Fee Committee and they were all well attended. All practicing physicians who joined ECHO

and desired to be members of this Committee were so appointed.

Dr. Bernard Robins reported that his Committee met and decided not to accept any outside developed schedule of fees. Instead, they unanimously voted to determine usual and customary fees in Essex County and use them as a basis for physician reimbursement. With the assistance of our consultants, American Health Systems, we conducted a poll of all ECHO members to determine their usual and customary fees. The response was good and representative. A report was made to the Committee which then decided that Caps be established at the 90th percentile. This means that 90% of all bills for a given procedure will be paid at face value, ie 100%. The Committee further decided claims over the cap will be paid at the cap and reviewed by Peer Review Committee. Another recommendation of our Committee to the membership is that there will be on-going scrutiny of fees to keep abreast and react to new patterns.

Following discussion, it was moved, seconded and carried that the report of the Physician Reimbursement and Fee Committee be accepted and their recommendations adopted.

MEDICAL PRACTICE COMMITTEE-Norman R. Gevirtz, M.D., Chairman

Dr. Gevirtz reported that the previous chairman of this committee recently resigned and that he had assumed the Chairmanship of the Committee only two weeks prior to this Annual Meeting.

Dr. Gevirtz reported that his Medical Practice Committee held one meeting last week and it was decided that ECHO Membership physicians would handle emergency coverage with back-up coverage from hospitals and that CHP/ ECHO would contract for emergency rooms and ambulance services.

We hope that the physicians covering for ECHO physicians will also become members of ECHO so that they can handle emergency procedures as would other ECHO members.

Our Committee also plans to take up methods of patient referrals to the providers and services available for them. Descriptive membership booklets will be available for all members of ECHO describing services which will be available to CHP enrollees such as ambulatory services, nutrition, education, alcoholism services, etc. Provisions for laboratory services will also be arranged.

Dr. Gevirtz was thanked for his preliminary report which was accepted by the membership.

NEW BUSINESS

Dr. Calluori called for any new business to come before the meeting and the following matters were discussed and acted upon:

1) It was moved and seconded that ECHO have its own legal counsel to look over all of our contracts and legal matters and that this attorney should represent ECHO only. Mr. Robert Detore was asked whether or not there were any funds available in his Crossroads budget for us to hire an attorney to review the needed contracts and he stated that limited funds would be made available for this. This motion was then unanimously carried.

2) It was moved, seconded and carried that the ECHO Board of Trustees look into all applicable insurances for an IPA including liability insurance for its officers, employees and Trustees.

ANNOUNCEMENT

Dr. Calluori announced that following this meeting there would be a short meeting of the Board of Trustees which would include all of the

newly elected members to the Board. The reason for this Board meeting would be to have the Trustees elect officers for the Corporation of ECHO for the coming year. It was moved, seconded and carried that the First Annual Business Meeting of the Essex County Health Organization be adjourned.

Respectfully submitted,

A.E. Bythewood, M.D.
Secretary

REPORT ON: AMERICAN ASSOCIATION OF FOUNDATION FOR MEDICAL CARE

NATIONAL CONFERENCE ON INDIVIDUAL PRACTICE ASSOCIATIONS (IPA's)

JUNE 23-24, 1977, MONTEREY, CALIFORNIA

by Arthur R. Ellenberger

Boyd Thompson of the AAFMC opened the conference by expressing the hope that IPA's would be viable structures and provide a way of maintaining the different forms of medical practice in a pluralistic system. The AAFMC discussions are geared to pre-paid programs, organized by practicing physicians interested in maintaining a pluralistic delivery system and seeing that both patients and physicians have a freedom of choice. Unless both patients and physicians are comfortable, the foundation or IPA system for delivering health care won't work. There is also a third party to be made comfortable, and that is the employers and unions who contract for care for their employees or union members.

An IPA can be a way that physicians can collectively improve their lot so that they may make satisfactory contracts and go about doing the

clinical work for which they have been trained in their own private office.

ASSOCIATION DEFINITIONS

1) FMC-The old line California concept of a Foundation for Medical Care was an organization used to stimulate more comprehensive coverage by insurors. This organization did not take risk but saw that the patient was given a certainty of coverage by guaranteeing insured businesses.

2) FMC/IPA-This is an organization which is truly a pre-paid plan for the delivery of health care with physicians at some risk. It has a physician Board and is qualified under State law.

3) HMO/IPA-This is a federally qualified organization under the Health Maintenance Act of 1973 (PL 93-222).

4) IPA-This is an association of doctors who have agreed to offer their services under certain arrangements which usually involve risk. It may even be a group of clinics each looking upon itself as an IPA and contracting with one HMO.

FEDERALLY QUALIFIED

Steve Epstein, Esq., commented that in PL 92-603 the Federal Government has more than one definition of an HMO.

1) HMO's are covered under the pre-paid portion of the law on how to handle Medicare.

2) Under the pre-paid portion of the Medicaid 1974 and 1975 Federal Regulations passed there is a Federal definition of an HMO which must also meet State requirements to participate in Medicaid.

3) There is a definition of a Federal Employees HMO under the Civil Service Act.

Therefore, an HMO may be said to be Federally qualified, but it might not be Federally qualified under the HMO Act of 1973 PL 93-222.

GOVERNMENT LIKES HMO APPROACH

Frank Seubold, Ph.D of the Department of Health, Education and Welfare, stated that the Federal Governments attitude toward HMO's has undergone a recent period of transition. At first they were looked upon with wild enthusiasm which dwindled when they ran into problems of organizing many HMO's. This discouraged attitude has again changed as evidenced by:

1) President Carters constant positive referral to HMO's as a new and good method of health care delivery.

2) Secretary of Health, Education & Welfare, Joseph A. Califano, Jr., now continually speaks of cost containment in health care and the challenge of redirecting our health efforts towards prevention as well as acute care. Secretary Califano has stated before many groups that he has hopes that the HMO will answer the challenge of dramatically improving the cost-efficiency of our health care system. He has also stated that it is his intention to provide more funds in the development of HMO's.

3) Almost all NHI Bills are presently before Congress defer to HMO's and recognize HMO's as a worthwhile alternate system of health care delivery. In recently proposed restrictive legislation on hospital cost escalation, the government stated that Fee-For-Service hospitals had much room for cost containment, but this same recent legislative program of the Federal Government exempted HMO hospitals from these restrictions.

IPA COST STUDY

The Federal Government has been working on an extensive cost survey with three IPA's. This study is due to be published in September

1977, but early statistics indicate a dramatic decrease in hospital stay under the three IPA's in relation to test groups studied by the Government. This study will indicate that cost savings plus quality care is indeed possible through IPA's that have well designed peer review systems.

COST CONTAINMENT

Studies already available indicate a 20% hospital cost savings through the HMO approach. This is 20% less than cost under the traditional system in the same locale, or approximately $70.00 per person, per enrollee year. The present administration in Washington is aware of this and will see that any NHI plan carves out a roll for HMO's. NHI could actually broaden the marketing potential of HMO's.

Senator Munn's Committee studying Medicaid Abuses will issue a report this August and it will cover California HMO abuses of Medicaid. Of the few HMO's qualified under the HMO Act, only one is operating in the black. HMO/IPA's seems to need 10 to 15 thousand enrollees in an urban area to get through the first few years. Because of tremendous start-up expenses, a closed panel HMO seems to require 25 to 30 thousand.

INDUSTRY & LABOR

Last year, a General Motors Executive made a much talked about speech that health care was adding $500.00 to the cost of each car. Ford is now financing a study, through a contract with Kaiser-Permanente, to investigate a Health Care Plan for all employees of the Ford Motor Company. The National Chamber of Commerce is now backing a bill for National Health Insurance. Industry has evidenced a growing concern in the increased cost of and financing of Health Care.

Labor views the growing cost of the health benefits part of the bargaining package with alarm because they desire to speak out for more

pay. Labor does not want to be told that they are getting their increase by their employer paying more for their existing health benefits.

IPA COMMITTMENT

Dr. Seubold believes that the development of an IPA is not different from other forms of human endeavor. It takes an informed, committed Board of Trustees and a high quality if not highly qualified Executive to lead and get the many initial problems resolved. Each successful IPA has encountered significant obstacles at the start, and therefore committment to carry through and stick it out is necessary.

OPEN ENROLLMENT PERIOD

According to the HMO Act, a qualified HMO cannot screen within a group and must accept all enrollees from a group. Furthermore, there should be no screening during required open enrollment periods. However, under the 1976 amendment to the HMO Act of 1973 the open enrollment has changed as follows:

Have an Open Enrollment Period each year during which it shall accept individuals for membership in order in which they apply and without regard to their health status. This requirement is subject to the following conditions:

a. It applies only to HMOs which have provided prepaid, comprehensive care for at least 5 years OR have an enrollment of at least 50,000 members AND which did not experience a financial deficit for the immediately preceding fiscal year.
b. The period shall be the lesser of 30 days or until the HMO has enrolled individuals equal to 3% of its total net increase in enrollment (if any) in the preceding fiscal year. ("Total net increase in enrollment does not include individuals enrolled as part of a group which had a contract with the HMO when it became qualified.)
c. The HMO is not required to enroll individuals who are confined to an institution for an infirmity which would cause economic impairment to the HMO.
d. The HMO may impose a waiting period of up to 90 days before providing benefits to newly enrolled members.
e. The Secretary may waive the open enrollment requirement if the HMO demonstrates that open enrollment would jeopardize its economic viability in its service area.

REPORTING DATA

IPA representatives at the meeting resented the fact that most Federal reporting requirements on data are geared toward closed panel HMO's and the required information is difficult for the IPA's to obtain. Frank Seubold replied to this. He said an IPA should state what specific part of the required reporting data is difficult to comply with and add what the IPA suggests as a change in the reporting requirement.

FEDERAL APPLICATION REVIEW

Alan Bloom, Esq., from the Rockville Division of Qualifications, stated that he reviews qualification applications from all HMO's in a nit-picking way because he must follow the written statute. His job is not to explain or justify the applications process, but merely to see if the HMO has complied with the law by reviewing their written plus site visit materials.

Section 1310 of the HMO Act requires employers to make HMO's available to their employees or face criminal charges and Section 1312 mandates continuing compliance. 1310 Section D defines what an employer must offer when an HMO is Federally qualified and meets the requirements of Section 1301 and 1302 of the HMO Act.

UNFAIR MARKETING

Attorney Bloom stated that he has run across much "guilding of the lily" in HMO marketing material and he had denied Federal assistance to such HMO's under the false advertising portion of the HMO Act. One marketing pamphlet said an HMO had 4 clinics when they actually had one clinic, 2 doctors offices and an empty field for building a clinic.

Alan Bloom stated that an application or report to the Government on an HMO is viewed as a slice of time in a growing organization which should contain statements of what you are doing now and indicate what is planned for the future.

RESTRICTIVE STATE LAWS & PRACTICES

Section 1311 of the HMO Law says that no State may establish or enforce any law which prevents an HMO from soliciting members through advertising its services, charges, or other non-professional aspects of its operation. Attorney Steve Epstein said that this "state override" has never been used but it may become case law soon in Georgia. He further stated that an HMO must go through a Certificate of Need process.

PRECERTIFICATION

Tom Hobin of Hennepin County stated that the physicians in his IPA put in a total precertification program for all elective admissions after they lost a few hundred thousand dollars. However, their only Admission Certification and LOS review was operated by the hospitals on all patients in Minneapolis and this was ineffective review for the IPA. They are now withholding 20% and, in the next quarter, the physicians have agreed to be at risk for 30%. With the many problems they encountered only 4 physicians have resigned from their IPA. The closed panel HMO's in Minneapolis are providing stiff competition. Their IPA did well in the pharmacy area, broke even in the physician area, lost in the hospital area and lost in the mental health area. They have enrolled 14,000 and decided to terminate marketing until they have tighter controls. They plan tighter controls for out of area places such as the Mayo Clinic.

Tom Hobins' IPA also took in a large county employee group because the IPA wanted a good cash flow, but it turned out to be a very bad risk.

BEXAR COUNTY,TEXAS

Christine Boesz of the Bexar County Medical Foundation (IPA) discussed its relation to the Alamo Health Care Plan (HMO). This was formed in May 1973 with the Eagle Life Insurance Company on a joint venture with Blue Cross of Texas known as the Alamo Health Care Plan. The Bexar County Medical Foundation contracts with all the physicians in the area. She stated that they have gone through many problems and are still having a rough time surviving. One big problem they encountered was mental health visits. A physicians family enrolled in their plan and he admitted his child to a psychiatric hospital. The bills totalled $54,000 and the physician is now suing the plan claiming the mental health exclusion was not in the marketing brochure or enrollment materials.

STAFFING

The HMO Management must be fulltime management and the IPA does not have to have as much full staffing as the HMO. Many Directors felt that the Executive of an HMO had to have a split personality. At first, he must be able to relate to a Federal Bureaucracy and satisfy multiple, everchanging government laws regulations and the individual requirements of government employees. Then following the feasibility, planning and initial development stages, he must become a shrewd business man, a go-getter and have the qualifications of a top, cost conscious administrator.

ARBITRATION

A government attorney stated that the Maryland Law Review, Volume 36 No. 3, 1977 contained a definitive article, "Arbitration of Medical Malpractice Claims: Is it Cost Effective?" by Duane H. Heintz. It is

generally agreed that HMO's should attempt to get binding arbitration. In the case of Kaiser vs. Madden in California, it was upheld that an employer could commit his employees to binding arbitration.

Non-binding arbitration is the submission to a neutral panel for arbitration for handling outside of the courts. Binding means that the decision of the neutral arbitration panel shall be as binding as a court judgment.

Agreements are possible in thirty-six states which have arbitration laws. Medical Foundations have worked out mandatory systems. The Kaiser Plan has one mandate for joining the Plan and receiving their benefits package--the acceptance of a mandatory form for arbitration. The courts upheld that this is fair, constitutional, and protects the rights of all.

The Ross-Loos Closed Panel Medical Group in Los Angeles has a mandatory clause and has had a substantial number of early, fair case settlements. An arbitration plan must have essential fairness and be legal. Much of this depends on the kind of arbitrators selected. The American Arbitration Association supplies a three panel system comprised of an M.D., an attorney, and a member of the public. The Kaiser Plan uses two attorneys and one retired judge.

QUESTIONS

Mr. Arthur Ellenberger stated that the following two questions had come up in ECHO, a New Jersey IPA in its initial development phase.

1) A physician on fulltime employment at one hospital has a contract with the hospital to provide physical medicine and rehabilitative services and the hospital bills for all his patients, deducts administrative costs and remits the remainder to him.

Is he eligible to join the IPA and have the hospital bill the IPA for his services?

The first answer to this question came from an IPA administrator who stated that we must treat this physician the same as an Emergency Room physician and put him under the hospital contract. We must be sure that the hospital contract states that we may peer review hospital physician services in the same manner that other physician services are reviewed. Some Radiologists will also fit under this category.

The second answer came from Tom Hobin from Hennepin County who stated that we must be sure to have an agreement with both the hospital and the physician and both agreements must read that the hospital and physician will accept the 15 or 20% at risk portion being withheld. They are currently having a fight with one hospital which insists that all their bills, including those for physician services, be paid in full.

The third answer one IPA suggested was that the physician amend his agreement with the hospital permitting direct billing and payment on IPA patients and,if this was not possible,that we must make a written agreement with both the hospital and the physician.

The fourth answer, where a hospital is only a contracting mechanism, there may be a lack of incentive for a salaried physician to act as other members of the IPA would. Therefore, physician hospital services can only be in the hospital contract and should not be in a separate contract between the IPA and the hospital employed physician.

2) **The** second question asked of ECHO was can a corporation of 2 or more physicians join and IPA and if so, would a special form be needed?

The first answer came from Tom Hobin of Hennepin County stating that an IPA has nothing to do with corporations. It contracts and deals directly with physicians who must sign a membership application and agree to be peer reviewed.

The second answer from Alan Bloom, Esq., of HEW. He felt that the Board of Trustees of the physician corporation could pass a Resolution and one representative sign that all physician members of their corporation agree to both peer review and to be at 15% risk. The corporation could then bill the IPA for any of its physician services.

The third answer said a professional corporation does bind physicians where all the M.D.'s in the corporation are shareholders. They, therefore, are also at risk and the IPA can deal with them.

A reprinted editorial from the New England Journal of Medicine on the topic "Method of Physician Payment and Hospital Length of Stay" was distributed. The editorial stated that"Closed-Panel HMO's are developing slowly across the country, and it is clear that fee-for-service physicians will have to be involved if appreciable cost savings based on the elimination of hospitalization for services that could be provided in a less costly setting are to be realized in the near future." The editorial further stated that the key question is whether fee-for-service physicians in general will inevitably hospitalize their patients to a greater extent than salaried physicians. Factors other than the method of physician payment are involved such as review or peer review, precertification, admission certification, LOS and criteria adopted.

From this conference and from participating at the recent AMA convention it looks as if the medical profession is being carefully observed by the Federal Government, industry, labor, third party payers and citizen groups to determine what system or systems can contain cost and retain quality.

An Individual Practice Association
Sponsored by The Essex County Medical Society

ESSEX COUNTY HEALTH ORGANIZATION

EXECUTIVE AND EDITORIAL OFFICES: 144 SO. HARRISON STREET, EAST ORANGE, N.J. 07018
PHONE: (201) 672-1816

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July 5, 1977

TO: Bernard Robins, M.D.
Frank F. Zaccardi, D.O.
Alton E. Bythewood, M.D.
Arthur Bernstein, M.D.
Donald P. Beirne, M.D.
George L. Benz, M.D.

FROM: Enio J. Calluori, M.D., President

Dear Doctor:

There will be a joint meeting of a few physicians from the Essex County Health Organization Board and a few members of the Crossroads Health Plan on Thursday evening, July 14, 1977 at 8:00 P.M. at the office of the Crossroads Health Plan on the first floor of 141 South Harrison Street, East Orange, New Jersey. At this time we plan to review the Qualifications Application which will be submitted to HEW by Crossroads Health Plan.

If you cannot serve on this committee will you please notify Mr. Ellenberger at 672-1816.

ECHO Executive Committee Meeting

Tuesday Evening, September 27, 1977 at 8 P.M.

1- Meet with Ken Snow, HMO Dept. Blue Shield

A) Thank them for assistance with our Constitution of ECHO with wording which would allow our IPA to contract with any HMO or organization. Ask if they are still interested in contracting with ECHO in the future.

B) Do they have any funds available which would help to develop ECHO so that it may be more able to stand on its own as mor than a paper tiger and contract directly??? This would involve a years budget with an executive who would work on direct contracting with the Blues for medical care.

C) When will Blues be ready to contract with an IPA.

D) Dr. Bernstein phoned-he will be in Boston and therefore could not attend this meeting. He stated if he were here he would ask them what funds were available and if they could meet directly with the Head of the Department on any possibility of contracting directly.

2- Dr. Nadel's letter on Contracts

A) Dr. Bernstein directed that one copy of the letter go to attorney Braun and one to Dave Putman. (His wife had a boy-this is their third boy. Baby born on Aug 15th at least 3 weeks late.)

Dr. Bernstein said that his committee would take up all the points regarding contract and do it right with the advice of both attorney and consultant.

B) However, Dr. Bernstein pointed out that the letter contains one point which should be discussed by RCHO Officers.-- properly a point to be settled between the HMO & the IPA at the Board Level. This point is who has the responsibility for Nursing homes. He will look into it if it is assigned to be a job of his committee.

Contracting for:
Nursing home care has ramifications which should be looked into by committee. Three issues are raised:

1- Are we discussing payment for physician services rendered at a nursing home

2- Does contracting include facility costs & drugs <u>and M.D. services?</u>

3- What are HMO Act and regulations requirements

Are HEW funding officials requiring specific contractual arrange ments?

We must act in concert woth the HMO Act and subsequent regs. Ask Detore some of the other points. A Committee could properly be assigned to make a report on this after consulting the law, CHP, the risk model and how changes affect it, and the general structure of the HMO/IPA and how it was presented to the Feds.

A Benefits Committee could do this. Or this could be assigned to Dr. Bernstein's Legal/contracts committee to review.

CROSSROADS HEALTH PLAN

Suburban Plaza Building • 141 South Harrison Street • East Orange, New Jersey 07018 201•676•1117

AN HMO SPONSORED BY THE ESSEX COUNTY MEDICAL SOCIETY, HOSPITALS, AND CONSUMERS

November 23, 1977

Enio J. Calluori, M.D.
President
Essex County Health Organization
381 Roseville Avenue
Newark, New Jersey 07107

Dear Dr. Calluori:

The attached memorandum will provide the information requested by the ECHO Board of Trustees regarding arrangements for the Medical Director.

I believe the following arrangement between CHP and ECHO regarding the Medical Director is compatible with the arrangements established or planned by other qualified HMO-IPA's and realistic in terms of CHP and ECHO financial capabilities. We are prepared to provide approximately $91,072 in salary, benefits and services to the ECHO Medical Director. This arrangement will have to be reviewed and approved by HEW at our qualification site visit. In review of the HMO-IPA arrangements of qualified plans, I believe we provide a greater dollar amount to the IPA than these plans. I have received input from Dr. Bernstein in developing the enclosed budget. It is acceptable to him for Year One.

In regards to other ECHO administrative costs, I am sure that Art Ellenberger and I can continue to cooperate and share expenses for ECHO mailings, printing, etc. We have not budgeted specifically for these items, but I believe they can be partially funded within our operational budget particularly if we receive continued postage in-kind from the East Orange Health Department.

In summary, I am willing to continue our cooperative efforts and to share costs mutually agreed to whenever possible. At the

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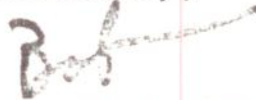
Brach, Eichler, Rosenberg and Silver, *Corporation Counsel*

end of the first year of operations, we can evaluate this approach and project a second year budget based on actual experience.

If this agreement and attachments are acceptable, please sign and return original to me.

Best regards.

Sincerely,



Robert R. Detore
Executive Director

RRD/sl

Enclosure

cc: John Winslow, M.D.
Arthur Ellenberger

ossroads health plan
OUTH HARRISON STREET
O NGE, NEW JERSEY 07018
.17

MEMORANDUM

o: Robert Detore

DATE: 11/14/77

FROM: Ernest Monfiletto

RE: HMO-IPAs and their Medical Directors

ROCKY MOUNTAIN HMO

Rocky Mountain presently has a full=time medical director but does not see a continuing need for the position to remain full-time. They are planning on making a gradual reduction from ½ time to ¼time.

Time spent -	Full time
Payment-	$44,000
Paid by-=	IPA reimbursed by HMO
Office Space-	Private office within HMO offices
Fringe Benefits -	Same as employees
Staff Support-	Draws on Secretarial pool
Enrollment-	10,400
Commenced Operations -	10/73
Contact-	M. Weber, Executive Director

IPA-HMO Financial Relationship

The IPA is totally dependent upon the HMO to assume all administrative costs.

COMPRE-CARE
COLORADO HEALTH CARE SERVICES

CHC presently has a part-time medical director. As their enrollment continues to increase they foresee the need in the near future to make the position full-time. Although, they currently pay the Medical Director an hourly rate ($50.00 per hour) they plan to pay the full-time Medical Director between $50,000 and $60,000 a year.

Time spent-	20% - increasing to full time.
Payment -	$50/hour ($50,000 to 60,000 in futu
Paid by -	HMO
Office space-	Provided by HMO
Fringe Benefits-	When full-time, same as employees
Staff Support-	Draws on office staff
Enrollment -	12,000
Commenced Operations -	7/74
Contact -	Malin Jones, President

IPA-HMO Financial Relationship

During development the HMO incurred the total costs of administering the IPA. As the IPA grew, the HMO would reimburse the IPA for part of its costs. A future arrangement will call for the IPA to assume the total costs of its own administration. Loans have been made to the IPA

to support their initial development.

MARION HEALTH CARE

Marion Health Care Plan presently has a part-time Medical Director who averages 8 to 12 hours a week. He is paid $1,000 a month for his services. In the near future the Plan will move to make the position full-time. Marion estimates the salary will be $60,000.

Time Spent -	8-12 hours a week (moving to fulltime)
Payment -	$1,000/mo. (projected $60,000.)
Paid by -	HMO
Office Space -	Will be made available for full-time Medical Director
Fringe Benefits -	none presently; when status is full time fringes will be similar to staff.
Staff Support -	Uses Executive Secretary
Enrollment -	4,000
Commenced Operation -	5/76
Contact -	E. Petras, Executive Director

IPA-HMO Financial Relationship

Initially the IPA was supported totally by the HMO. HMO is presently negotiating a workable mechanism by which the IPA can incur its own administrative costs. The HMO is presently supplying full staff support for the IPA. Eventually the IPA will need its own staff at its own expense. Costs run about $1,200 a month for administration of the IPA by the HMO.

CHOICE CARE
Fort Collins

Position of Medical Director is part time, however; the need exists for full-time. Medical Director currently makes $30 an hour. No estimate was made for full-time salary.

Time Spent -	12 hours a week
Payment -	$30.00 an hour
Paid by -	HMO
Office Space -	Available at HMO
Fringe Benefits -	Will be same as staff
Staff Support -	Utilize Staff Pool
Enrollment -	12,600
Commencement Date -	4/74
Contact -	Jim Smid, Operations Director

E.M.

Essex* County Health Organization
141 So. Harrison Street
East Orange, New Jersey 07018

ATTENTION: Board of Directors

Memorandum of Understanding Regarding
ECHO Medical Director

This Memorandum shall constitute the understanding of the parties regarding the selection of the Medical Director of ECHO and the terms and conditions of his appointment.

1. Arthur Bernstein, M.D., has been designated as the Medical Director for the Essex County Health Organization by the ECHO Board of Trustees and approved by the Board of Directors of Crossroads Health Plan.

2. Dr. Bernstein shall serve for an initial term of one year commencing on the date CHP is federally qualified and operational.

3. Dr. Bernstein shall have the responsibilities listed in the Position Specification attached hereto. He shall also serve as the Medical Director of Crossroads Health Plan and be governed by the organizational relationships set forth in the aforesaid Position Specification.

4. Dr. Bernstein shall be employed fulltime as Medical Director.

5. Dr. Bernstein shall receive an annual salary of $75,000. In addition, he shall be provided with health benefits, pension plan, travel expenses and liability coverage according to the budget attached hereto. He shall also be provided with office space and secretarial services at CHP offices.

ESSEX COUNTY HEALTH ORGANIZATION

____
Arthur Bernstein, M.D.

By______________________
Enio J. Calluori, M.D.
President

CROSSROADS HEALTH PLAN

By Robert R. Detore
Robert R. Detore
Executive Director

ESSEX COUNTY HEALTH ORGANIZATION

POSITION SPECIFICATION

POSITION: Medical Director

REPORTS: ECHO Board of Trustees

ORGANIZATIONAL RELATIONSHIPS:

1. Reports directly to ECHO Board of Trustees and implements and coordinates Board policy.

2. Non-voting member of the ECHO Board of Trustees and the CHP Board of Directors.

3. Maintains Liaison ~~direct functional relationship~~ with CHP Board of Directors and Executive Director.

4. Maintains direct relationship with Essex Physicians Review Organization.

RESPONSIBILITIES: (ECHO)

Directly responsible for management coordination of patient care, quality assurance, provider education and recruitment. The functions associated with these responsibilities include:

Coordinating and attending all meetings of ECHO Committees, (Reimbursement, Peer Review and Quality Assurance, Administrative/Financial, Medical Practice, Appeals, Membership and Legal/Contracts.

Establish and coordinate all peer review and quality assurance activities which includes both hospital and ambulatory.

Provide in accordance with ECHO direction, the initial medical review on all claims which deviate from the ~~model treatment guidelines~~ approved medical criteria

Provide retrospective review on health care utilization on an individual, provider and aggregate basis and initiate special research projects.

Develop and implement the patient referral process and assure that contracting health care institutions meet the appropriate certification standards relating to medical issues.

Develop continuing education programs and provider seminars to educate ECHO physicians and other providers to CHP's procedures and regulations relative to medical issues.

Develop appropriate guidelines for medical records. ~~the implementation of a unit medical system and/or problem oriented medical record~~.

RESPONSIBILITIES: (CHP)

Advise the CHP in the following areas:

Operational management of CHP with respect to all medical issues.

~~Represent~~ Representation of CHP to the general public, employer groups, and the provider community in particular with respect to medical issues.

Supervise health education and medical social services programs.

EXPERIENCE REQUIRED:

1. Graduate of an Accredited School of Medicine (M.D.) or Osteopathy (D.O.)
2. Licensed to practice medicine in the State of New Jersey.
3. Experience in the clinical practice of medicine.
4. Five to ten years in medical practice in the Essex County area and knowledge of HMO-IPA concepts.
5. Knowledge and developed relationships with area providers particularly, Essex County Health Organization, Essex County Medical Society, Essex County Osteopathic Society and Hospitals.

MEDICAL DIRECTOR REIMBURSEMENT PLAN

PROPOSED YEAR ONE BUDGET

	CHP	ECHO
Annual Salary	$75,000	--
Office Space	4,032 (576 sq. ft. at $7.50)	--
Secretarial Services	7,000	--
Office Furniture/Equipment	150	1,200
Supplies/Xeroxing	1,300	--
Liability Insurance	115	--
Pension Plan	1,500	--
CHP Health Benefits	975	--
Travel	1,000	4,000
Membership Fees	--	1,500
TOTAL	$91,072	$6,700

REVIEW OF PROVIDER SERVICE MANUAL IN COMPARISON WITH
SCHEDULE C OF CURRENT CONTRACT
PAGE c INSTRUCTIONS FOR PROVIDERS

Indicates this Manual sets forth guidelines, protocols and procedures, and provides description of specific CHP policies, which are to have periodic additions and revisions which will be sent out to the physicians. (This provides for unilateral changes at the whim of CHP, and, therefore, this Manual should not be made a part of your new contract by reference).

The provisions under ECHO-CHP relationship, which include the individual participation Agreement, rights and responsibilities of members, and rights and responsibilities of providers, should not be incorporated and made a part of the contract in this fashion. We should revert back to the initial Schedule C, or something similar to it.

Under this Section, note, at page 6, under caption, "rights and responsibilities of providers", the right to be given adequate notice of cancellation, (how is this enforceable, and what is the doctor entitled to in the event of a no show). At page 7, note, right to have "access to all appeal procedures established by ECHO and CHP." (See grievance procedure provided for at page 9, which does not permit ECHO input in appeal procedure).

Note at page 8, still under Section I, physicians are to be available for selection by members of Crossroads, and they've typed in acceptance of 20% risk pool, and physicians must show evidence of insurance and New Jersey licensure. (What about right to evidence of insurance on the part of CHP, etc).

Next, at page 9, note, grievance procedure. Physicians agree not to institute any actions including civil suit until grievance procedure has been exhausted; must be started by "member comment grievance form."

A. There is first consultation with executive director or person designated by him.

B. If this does not resolve problem, then there is meeting before the plan (Crossroads) grievance committee. The total time of which can take up to 6 1/2 months. (60 days plus 14 days, plus 60 days, plus 60 days).

C. There is then provision for Appellate review before the Board of Directors of Crossroads, and provision that it can take up to 100 days. (30 plus 10 plus 60).

At page 12, Schedule of Benefits, provision here should be noted, that all services are subject to approval by the Plan Medical Director.

Section II - GUIDELINES AND PROTOCOLS

Page 2, Requirements and Instructions For Prior Authorization For

Selected Referral Services.

Note, you now must have authorization from Crossroads in addition to the referral form from the referring physician. (Note, here specific catergories listed, such as home health care, mental health services, etc.).

Page A-1, Chronic Pain Management
Page A-2, Cosmetic Surgery
Page A-3, Health Education and Nutrition Counseling
Page A-4, Home Health Care
Page A-5, Mental Health Service
Page A-6, Non-participating Provider
Page A-8, Physical Therapy and Rehabilitation
Page A-10, Skilled Nursing Facility Services
Page A-11, Special Duty Nursing
Page A-12, Substance Abuse Treatment
(all of the above are the same as provided for in Schedule c)

Changes are made, however, at
Page A-7, Oral Surgery (note, need for prior authorization for service).
Page A-9, Podiatry (prior authorization required for referral).

Next we find another group that were formerly in Schedule c, beginning with:
Page B-1, Emergency Care Service
Page B-4, Hospital and Physicians In-patient Care Services
Page B-6, Infertility Services
Page B-7, Maternity Care
Page B-8, Periodic Health Evaluation
Page B-9, Primary Care Physician's Services
Page B-10, Referral Consultant Services
(All of the above are the same as set forth in current Schedule c in our contract).

Page B-3, Eye Care Services (note, routine eye refractions are excluded for all ages). Also note, all claims for eye care services are subject to review.

Next, you have the section of Forms and Letters and last Correspondence. Note, here, there is no provision for input by the physicians in suggesting possible changes in forms or requirement for same.

Last, it should be noted, that under the grievance procedure provided, there is no recognition of the Joint Judicial Committee or Arbitration as provided for under Article 12, page 25, of the current contract.

William P. Braun, Jr.
COUNSELLOR AT LAW
65 RIDGEDALE AVENUE
P. O. BOX 65
CEDAR KNOLLS, N. J. 07927
(201) 540-1262

September 10, 1982

Mr. Myron Hirsch
633 Morris Avenue
Springfield, New Jersey 07081

Re: ECHO

Dear Mr. Hirsch:

Pursuant to our recent conversation regarding prior request, it is understood that you will provide a report concerning the tax consequences based upon a fiscal year beginning October 1st.

In addition, thereto, it is understood that you are providing an estimate with regard to prior tax liability as a result of the change in tax status of ECHO.

Also, please forward copy of Crossroads audit to ECHO headquarters with or without your comment, so that same will be received no later than September 14th.

Thanking you for your attention to this matter, I remain,

Very truly yours,

William P. Braun Jr.

William P. Braun, Jr.

WPB:lgc
cc: Arthur Ellenberger

William P. Braun, Jr.
COUNSELLOR AT LAW
65 RIDGEDALE AVENUE
P. O. BOX 65
CEDAR KNOLLS, N. J. 07927
(201) 540-1262

September 10, 1982

Mr. Arthur Ellenberger
Essex County Health Organization
144 S. Harrison Street
East Orange, New Jersey 07018

Re: ECHO-CHP negotiations

Dear Mr. Ellenberger:

Enclosed please find, "Position Of ECHO With Regard To New Contract", for your comment and approval.

Very truly yours,

William P. Braun, Jr.

WPB:lgc
encl.