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Crain's Health Pulse is available Monday through Friday by 6 a.m.

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Today's News Monday, November 12, 2012



Peninsula Under Investigation

Peninsula Hospital's financial affairs will be the target of a new investigation ordered by the Chapter 11 trustee overseeing the estate of the bankrupt hospital. The trustee has statutory power to investigate Peninsula's financial affairs, and accordingly asked the bankruptcy court to approve the hiring of law firm Storch Amini & Munves to carry out the investigation. Under scrutiny will be the circumstances around the filing of the bankruptcy case, the faulty laboratory that led to the hospital's closure, and the conduct of Peninsula's officers, directors and professionals. The firm will also examine certain pre- and post-bankruptcy transactions and will weigh in on whether to pursue any settlement or lawsuits based on its investigation, according to a court document. Storch Amini specializes in complex business litigation. It will be paid on a hybrid hourly/contingency fee basis, with total hourly fees capped at \$100,000 and a contingency fee of 33.3% of any resulting recoveries from settlements or legal proceedings.

Monte Yammered Through Sandy

During Sandy, about 3,500 Montefiore workers turned to Yammer, a social media platform, where 2,000 employees normally use the system's network to communicate. Those electronic chats resulted in new car pools, updates on such things as hospital vans provided during the storm, and other up-to-the minute information as the week wore on. "We have 18,000 employees, so 3,500 users was a drop in the bucket, but we're going to do more Yammer training because it worked well," said Cynthia Hayes, a system vice president and chief marketing officer. Yammer worked for those with smartphones, even if people had no power or access to the Internet through Wi-Fi or a cable connection. Post-storm, many of the carpools will continue, she said. The Bronx system was not directly harmed by Sandy, although many workers sheltered there on the night before the storm. "We had a ladies' dorm and a men's dorm, and about 150 people spent the night there with the hospital providing free food and in-house movies," said Ms. Hayes.

Medicare Signup Extended

In response to a Nov. 6 letter from the Medicare Rights Center in Manhattan, CMS agreed to extend this year's Medicare open enrollment Dec. 7 deadline for people affected by the hurricane. Beneficiaries must call Medicare at (800) 633-4227 to get an extension. "Each request will be viewed individually to determine the best course of action based upon individual circumstances," CMS said in a statement Nov. 8. It also said that because of federal disaster declarations, Medicare drug plans must allow enrollees to get covered prescriptions at out-of-network pharmacies when they cannot get them at their usual place.

Brokers' commissions face uncertain future

Brokers have traditionally played a big role in helping small businesses buy health insurance—88% of small group coverage in New York is purchased through brokers, who reap \$693 million a year in commissions, according to a study by Boston's Wakely Consulting Group. But New York's state-run health care exchange could offer one-stop shopping experiences for small businesses.

Brokers may find themselves irrelevant if the exchanges that must be online by January 2014 succeed in making it easier and cheaper for employees to shop on their own. Small firms may simply offer employees cash to buy insurance on the exchange. Already concerned over dwindling commissions, brokers are fighting to retain their business.

"It will not be as lucrative for us," said Alex Miller of Millennium Medical Solutions Corp. in Armonk, N.Y. "We have to expand services and make up for it in volume. Longtime specialists will play a greater role and continue to add value, but it's naive to think it's going to be business as usual."

The state is trying to work out the mechanics of the exchange, deciding not only how brokers fit in, but also who pays the commissions and how they will compare with those earned outside the exchange. There is general agreement that small businesses rely on brokers for their help navigating the health insurance maze. Many also act like the human resources department most small businesses can't afford.

"We feel really strongly that brokers are a crucial connection to small business, and we ignore them at our peril," Troy Oechsner, deputy superintendent for health at the state Department of Financial Services, recently said at a public meeting on the exchange. He said the state wants carriers to continue to compensate brokers who help businesses evaluate their options so that the exchange won't need to add a layer of costs and administrative expenses to manage commissions. How that would be worked out remains unclear.

For more on commissions, see this week's issue of *Crain's*.

At A Glance

WHO'S NEWS: Judy Wessler plans to retire from the position of director of the Commission on the Public's Health System in February 2013. The group is searching for a director to replace Ms. Wessler, who will continue advising CPHS after she retires. Interested candidates can send a cover letter, résumé and three references [here](#) by Dec. 15.

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