

Blue Cross plans to target doctors for overcharging. Physicians are furious.

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Dr. Aaron Bornstein, a partner at Middleboro Pediatrics in Lakeville, photographed in 2023. Bornstein is one of many doctors frustrated over Blue Cross Blue Shield of Massachusetts saying it will start scrutinizing doctors who frequently bill it for the most expensive patient visits.

With the help of a computer algorithm, the state's biggest health insurer says it will scrutinize doctors who frequently bill it for the most expensive patient visits. It will then unilaterally cut payments to physicians it concludes charged too much.

Targeting what it described as a small percentage of "outliers," Blue Cross Blue Shield of Massachusetts plans to roll out the new program around Nov. 3. The insurer says health care costs are increasing at their fastest rate in more than 20 years and that it has a duty to help control them for its 3 million members.

But the move has angered some doctors, particularly those who often see older, medically complicated patients in need of more care and time. They say Blue Cross's initiative fails to recognize a simple fact of medicine: Patients and treatments don't fit neatly into categories used by insurers and software developers.

The dispute represents another front in the battle over spiraling health care costs and who — insurers, providers, or patients — should bear the brunt of efforts to control them.

For patients, it raises the possibility that they will have less time with their doctors as physicians get caught up justifying billing practices or choose to steer clear of more complicated cases.

Several doctors were particularly upset that they won't learn that their payments have been cut until they receive them.

"The thing that feels so frustrating," said Dr. Aaron Bornstein, a partner in Middleboro Pediatrics, "is you're found guilty before having a chance to prove your innocence."

Blue Cross says doctors will have the right to appeal its decisions and that the vast majority of the more than 32,000 physicians in its network will not be affected by the program.

"Ensuring that our members have access to safe, effective, and affordable care is our top priority," Blue Cross said in a letter it sent last month to 16,000 providers.

Blue Cross faces serious financial problems. It reported an operating loss of more than \$400 million for 2024, the largest in its history, and this month offered buyouts to hundreds of employees.

Physicians bill insurers using codes that reflect the complexity of medical cases and the amount of time they require; the higher the code, the higher the charges.

Dr. Sandhya Rao, chief medical officer for Blue Cross, told the Globe that doctors billing at the two highest codes — Levels 4 and 5 — has surged since 2021. During that period, the insurer's costs per office visit rose 30 percent, Rao said.

Level 4 cases have “moderate” complexity and risk of complications, while Level 5 cases have “high” complexity and risk of complications, according to codes developed by a panel funded by the American Medical Association.

Under the new program, Rao said, Blue Cross will review claims from providers who “routinely bill visits at the highest complexity levels (4 and 5).” If the medical cases do not support that level of severity, she said, Blue Cross “will edit the claim” to pay one level lower than originally billed.

Rao declined to say how much an “edit” would lower payments to doctors. Blue Cross doesn't make its fees public, she said.

Rao estimated that no more than 2 percent of the roughly 7,600 primary care physicians and no more than 4 percent of the roughly 25,000 specialists in the insurer's network will be flagged for overbilling.

To carry out the program, Blue Cross is paying a Utah-based company, Cotiviti, which uses an algorithm as well as registered nurses to analyze claims, compare them to those of peer doctors, and identify physicians who overcharged, according to Amy McHugh, a spokesperson for the insurer.

In doing so, Blue Cross is engaging in a bit of high-tech tit for tat; Rao said that some of the physicians it plans to scrutinize may be charging higher fees because they rely on AI-powered transcription tools that listen to conversations between doctors and patients to automatically generate clinical notes. Those tools, she said, sometimes categorize appointments as more complex than they were.

McHugh said physicians' contracts with Blue Cross prohibit doctors from making up the difference in lowered payments by passing the costs on to patients.

The state's second-biggest insurer, Point32Health, parent company of Harvard Pilgrim Health Care and Tufts Health Plan, said it doesn't unilaterally “downcode” claims if it suspects doctors have charged too much; rather, it holds up payments and asks the

doctors to submit medical records for review, according to Kathleen Makela, a Point32Health spokesperson.

Physicians, mostly in primary care, denounced the Blue Cross program.

Dr. David Weinstock, a primary care physician who has worked at a small private practice in Auburn for 22 years, said he sees five to 10 patients a week whose visits he classifies as “Level 5” in bills to insurers.

It’s appropriate, he said, because he can easily spend 40 minutes working on each case. Not only does he examine the patient and discuss the individual’s medical problems, he has to review lab test results and other records before and after the visit, and sometimes consult specialists.

“It’s not uncommon to see some patients who have 15 chronic health issues,” said Weinstock, an assistant professor at UMass Chan Medical School in Worcester. “We have more and more older patients, sicker patients, and complicated patients.”

Several primary care doctors vowed to fight Blue Cross if the insurer lowers payments. To leave that unchallenged, the physicians said, could cost them thousands of dollars a year. But appealing a decision, they said, will only add to their administrative burdens. Dr. Frank Domino, a family medicine physician in Shrewsbury, said he already receives a letter from Blue Cross every six months saying that he bills at a higher-paying code than many of his peers.

“Most of my patients I’ve had for 30 years, and they have multiple medical problems,” said Domino, 65, who is affiliated with UMass Memorial Health in Worcester.

He randomly pulled up the computerized records of a 62-year-old woman he saw last December. She had knee pain, damaged veins in her legs, liver problems, and asthma. Domino said he spent 45 minutes on her case, which he classified as Level 5.

Domino said he relies on a UMass Memorial Health billing office to make sure he submits claims correctly. Nonetheless, he predicted that Blue Cross will categorize him as one of the outliers.

“It’s intimidation,” he said. “It’s like organized crime.”

The Massachusetts Medical Society, which represents 24,000 doctors and medical students in the state, has expressed concern about the Blue Cross program and met twice with the insurer in recent weeks. The group is planning to hold a third meeting with Blue Cross in January, about two months after the program starts.

Several national and local groups of allergists, including the Massachusetts Allergy and Asthma Society, recently wrote Blue Cross urging the insurer to “rescind this program

immediately.” The allergists said the initiative lacked transparency and threatened to worsen physician burnout with added administrative work.

Rao, of Blue Cross, did not address the request to rescind the program in a written reply. But she said that audits by federal agencies, including the Centers for Medicare & Medicaid Services, have found that a “significant amount” of the highest-paying claims have been coded incorrectly by doctors.

Lora Pellegrini, president and chief executive of the Massachusetts Association of Health Plans, which represents 13 insurers in the state excluding Blue Cross, said the intensified scrutiny of physician billing isn’t happening in a vacuum.

The Massachusetts Health Policy Commission, an independent state agency working to improve the affordability of health care, identified overbilling as a contributing factor to higher costs in a 2021 report. State officials should examine whether claims submitted to insurers were consistent with the severity of medical cases, the report recommended.

Two of the nation’s largest health insurers, Cigna and Aetna, which both operate in the state, recently launched programs similar to Blue Cross’s. Those efforts provoked blowback from doctors outside Massachusetts.

Indeed, Cigna temporarily paused the start of the program on Oct. 1 for some customers in California after it drew fire from multiple medical organizations, including the California Medical Association.

Some primary care doctors in Massachusetts said the care they provide saves the health system money by preventing patients from getting seriously ill and seeking far more expensive care from specialists and hospitals.

“When primary care is thriving, we keep people out of the emergency department and prevent unnecessary hospitalizations,” said Dr. Wayne Altman, chair of family medicine at Tufts University School of Medicine, who practices in Arlington. “Those are huge-ticket items. If they’re trying to control costs, they’ve come to the wrong place.”