



THE HOSPITAL & HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA

January 29, 2010

Senator Ann Cummings (VT)
Representative Charles Kleckley (LA)

Re: Proposed Draft Model - Healthcare Balance Billing Disclosure

Dear Senator Cummings and Representative Kleckley:

The Hospital & Health System Association of Pennsylvania (HAP) appreciates the opportunity to provide comments on behalf of Pennsylvania's 225 acute care and specialty hospital and health systems on the National Conference of Insurance Legislators (NCOIL) proposed draft model on healthcare balance billing disclosure. HAP recognizes the challenges inherent in the current system as it relates to "balance billing" and the lack of transparency for hospitals and patients in regards to contracts established between insurers and facility-based physicians. As a result, situations arise where patients are balanced billed by a facility-based physician and may not have expected this to occur. We agree that it would be beneficial to work toward a more transparent system in this regard, but we have concerns about some of the specific recommendations outlined in the proposed draft model that we would like to share with you.

We appreciate your intent to create a uniform system that would involve participation from facilities, facility-based physicians and health benefit plans to improve communication with consumers regarding non-participating provider status and the potential for balanced billing. However, HAP firmly believes that the responsibility for this communication rests with the health plans that provide benefits to the consumers and the facility-based physicians who provide care to patients and deserve to be reimbursed for their services. Hospitals could make available to patients information regarding the hospital medical staff and in particular their hospital-based physicians, however they should not be expected to play the role of "middle man" between patients, their insurers, and the physicians providing their care. Hospital staff could encourage patients to check with their

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January 29, 2010

Proposed Draft Model - Healthcare Balance Billing Disclosure

Page 2 of 3

insurance company regarding the network status of facility-based physicians and the financial implications regarding patient liabilities based on the provider's network status.

It is important to acknowledge that in many instances hospitals and health systems have no direct bearing on whether or not insurers are able to contract with facility-based physicians for network participation. In fact, it is not always clear to a hospital whether or not a facility-based physician and/or physician group is contracted with an insurer. All insurers do not have mechanisms established for communicating this information to hospitals. Even if there were such mechanisms, it would be a challenge for hospitals to ensure that they had complete, accurate information regarding a physician's status with an insurer at all times. Because of this lack of information, it does not seem appropriate that hospitals be expected to communicate to their patients about the network status of facility-based physicians.

In addition to lacking specific information about the network status of facility-based physicians, hospitals have no way of being certain, prior to health care services being rendered, exactly what services are needed by patients or exactly which physicians will be providing those services. Essentially it would be both administratively and financially burdensome for hospitals to have to comply with the type of policies for disclosure as outlined in the model policy.

We recognize that the challenges associated with communication regarding balanced billing for patients receiving emergency services is greater than other types of inpatient care. Because of this we acknowledge that hospitals could take on some responsibility for general disclosure to patients about balanced billing in their emergency departments. Specifically, hospitals could provide a general posting in the emergency department that describes the issue of balanced billing that could occur because of the facility-based physicians who provide emergency services but may not be contracted with all insurance carriers. At least in this way, patients could be alerted that this is something about which they may need to obtain more information.

Finally we think it is important to note that the situation is quite complicated and cannot be dealt with in a simple fashion. In some instances, managed care organizations contract with hospitals on a global payment rate basis for services, in essence bundling hospital and physician rates. In these cases, hospitals would be reimbursed for services rendered by facility-based physicians even though those same physicians may not be participating providers with the insurer.

January 29, 2010

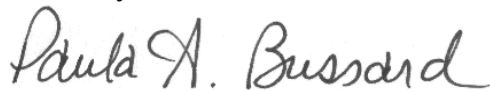
Proposed Draft Model - Healthcare Balance Billing Disclosure

Page 3 of 3

In summary, the nature of the contracting relationships between hospitals, their facility-based physicians and insurers lacks consistency. As a result, it is difficult to design a single process for communication with patients that would take into account all the unique aspects that could exist.

HAP is committed to working with the American Hospital Association and other stakeholders to develop a more transparent system for communicating patient liabilities for services including the potential for balanced billing by facility-based physicians. Please feel free to contact me at 717-561-5344 or pbussard@haponline.org, or Pamela Clarke, DVHC of HAP's Vice President of Health Care Finance and Managed Care, at 215- 575-3755, or pclarke@dvhc.org, for further discussion on this important health care issue.

Sincerely,



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Senior Vice President

Policy & Regulatory Services

cc: Susan Nolan
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