SPINE SURGERY CENTER of Eugene

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March 4, 2013

ATTN: Senate Committee on Health Care and Human Services
Sen. Laurie Monnes-Anderson, Chair
Sen. Jeff Cruse, Vice-chair
Sen. Chip Shields
Sen. Elizabeth Steiner-Hayward
Sen. Tim Knopp

FROM: P. Evalyn Cole, MHSA, CASC
CEO
KeiperSpine, PC
Spine Surgery Center of Eugene, LLC

RE: Testimony in favor of Senate Bill 366

I am Evalyn Cole, CEO for KeiperSpine, PC, a neurosurgical practice, and Spine Surgery Center of Eugene. Though our neurosurgical practice has contracts with all insurers, we cannot get contracts for our surgery center that pay the costs of our surgeries.

When we do not have a contract with a patient's health insurance company, we provide the surgery as an "Out of Network" facility. Patients' copays are higher at an Out of Network facility, but we match their lower in-network rate and write off the difference, significantly reducing their out of pocket requirement.

Some insurers penalize us for not having a contract with them, by sending payments for our surgeries to the insured – who is often not the patient. Recently, insurers have stopped sending explanations of the payments with these checks, creating even more problems. Sending our check to the insured creates hardships for patients and increases the center's administrative costs in recovering these payments.

We have tried several tactics to work around this problem.

- Patients sign a contract advising them to expect an insurance check and if, they bring it to us, we will process the payment as an in-network payment and write-off all charges in excess of those allowed by their health insurance plan.
- We asked patients to sign notarized statements giving us "Power of Attorney" to demand that insurers send the payment to us, and sent those POA's with the claims to the insurer. They disregarded the directive from their clients, sending checks to them anyway.
- To protect ourselves, we have been forced to file medical liens on patients' assets until payments are made.

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Many complications arise from this insurance company policy. Here are a few examples.

- **STUDENTS:** A number of our patients are U of O students, insured under a parent's policy. The checks are sent to the parents, who often live in other states. Recently we had to turn an adult student over to collections, because her father – in a distant state – did not forward a check sent to him by the insurer. In spite of several calls to him both by us and his daughter, he did not send the check. Her credit is damaged by an action over which she had no control.
- **DIVORCED PATIENTS:** Many patients are covered as dependents on insurance plans carried by ex-spouses. The checks from the insurers are sent to ex-spouses, who consider them "found money" and are not motivated to pay ex-spouses' medical bills.

  The ex-spouse of on current patient, who has become disabled, has kept three checks totaling $48,000 that were sent to pay for her pain management procedures and spine surgery. We had to hire an attorney, file a legal complaint in court against the ex-spouse, to get a judgment in order to garnish his wages. This increases our costs to get the money.

  Another ex-spouse lives in Florence; on the advice of our patient, we hired couriers to go to Florence to pick up large checks sent to him on the day they arrived, so he would not use them for personal expenses.

- **OVERPAYMENTS:** Overpayments are a nightmare. Insurers who sends checks to patients will not tell us how much that check was or which charges it paid. Their perspective is that their relationship is with their client, not with us, since we have no contract. So if a patient brings a payer's check to us and later the insurer finds they overpaid, they call the patient to recoup the overpayment. The patient comes to us asking us to return the overpayment, but neither the patient nor we know what was overpaid and patients have no way to prove that a refund is due.

  Worse, sometimes insurers will send the next check to us and withhold an overpayment made to a previous patient, who may not have brought the insurance check to us.

- **LOST CHECKS:** Insurers sometimes post on their websites that a check has been sent to a patient. At that point we alert the patient that a check is coming and watch for it to come in. Many times checks get "lost" and it's impossible to trace them. A recent patient and his wife adamantly declared they did not get a check. The insurer was just as positive that the check had been mailed. Two months later, as we were threatening collections, his employer's HR department got involved. The insurer eventually found the check in its system; it had not been sent to the patient.

  When disputes arise about lost checks, patients are put into a vicious triangle between the insurer, banks and us. What should be a focus on healthcare toward the patient turns into an adversarial relationship with patients trying to get insurers to trace the check, to either stop payment and reissue, or to prove that the check was cashed and by whom.

- **FOUND MONEY:** So what happens to checks patients receive and do not forward to pay for surgery? Spine fusions often cost $50,000. Many patients have been out of work for months due to back injuries and when checks arrive - payable to them for $50,000 - it seems like a windfall. If annual income is $25,000 this check is two years' tax-free wages. Patents have told us that if they are on the verge of losing a home, they "HAVE" to use this check pay bills and buy food because their families are more important than medical bills. This policy puts an unbearable temptation in front of them, which only results in exacerbating their financial situation.

Please help us end this unfortunate policy and require insurers to provide what employers have paid them for – funding healthcare for patients.