



MEMORANDUM

To: Sen. Laurie Monnes Anderson, Chair, Senate Health and Human Services Committee
Sen. Jeff Kruse, Co-Chair, Senate Health and Human Services Committee
Members of the Senate Health and Human Services Committee

From: Gwen Dayton, JD, OMA

Date: March 4, 2013

Re: Support of SB 366

SB 366 requires all group health plans to pay health care providers directly for medical and health care services provided to plan members. This bill remedies an ongoing issue for health care practitioners: non-payment from patients who receive payments for health care services rendered directly from the health insurer. In turn, the patient is expected to pay the health care practitioner with the monies they received from the health insurer. Contracts often limit the health plan from paying the health care practitioner, even at the patient's request.

Over the past few years, we have heard from several of our physicians that they have not received this direct payment from their patients. Although these patients receive health care services reimbursement from their insurance plans and have the legal responsibility to pay their physicians or other providers, many don't understand that the insurance proceeds from the insurer must be paid over to the health care provider who rendered the service being reimbursed. The incidence of patients failing to pay providers (despite the patient's receipt of insurance plan benefits/reimbursement) has increased during the period of economic recession and recovery.

All physicians and health care providers are affected by insurers who do not or will not pay providers directly, particularly those physicians who are on-call and cannot choose to treat only patients who are members of the health plans with whom the health care provider is contracted. Even without participating or network contracts, all physicians in all specialties should provide services with the expectation that they will be reimbursed, and the increasing burdens and challenges to physicians/providers of clarifying, educating, and ultimately, collecting from insurers and their member patients who received services must be addressed.

SB 366 addresses some of this burdens by requiring all group health insurance plans to pay providers directly (for medical and health care services provided to such plans' members). The direct payment requirement applies without regard to whether the health care provider is a participating member of a

health insurance network and whether or not the provider has entered into a contract with a health insurer. The direct payment requirement under SB 366 will help simplify and clarify provider reimbursement for patients and providers, and it will improve when and how physicians and other providers are reimbursed for services provided to non-contracted insurance plan members.

This change is an important business and financial practice improvement for physicians and other providers at a time when we need to recruit and retain as many health care providers as possible.

Thank you for your consideration.

The Oregon Medical Association is an organization of over 7,500 physicians, physician assistants, and medical students organized to serve and support physicians in their efforts to improve the health of Oregonians. Additional information can be found at www.theOMA.org.