NORTHWEST
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Chairman Monnes-Anderson and Members of the Committee:

My name is Kecia Norling. I am a RN and healthcare administrator. I am representing the Oregon Ambulatory Surgery Center (OASCA) as the immediate past president. I am also the administrator of Northwest Ambulatory Surgery Center in Portland, Oregon. We are a joint venture surgery center owned by Legacy Health, United Surgical Partners International and seventeen surgeon owners. I am here today to testify in favor of SB 366. This bill requires insurers to pay indemnities under health insurance policy directly to providers of health services.

Currently, two large, national insurance companies and one moderate sized Oregon/Washington based insurance company are sending reimbursement checks directly to patients who are treated by out of network providers.

This is a controversial practice that has been examined across the U.S. Bills have been passed in states such as Florida to prevent this practice.

ERISA language is interpreted by many to prohibit these payments directly to patients. The Patient Protection and Affordable Care Act incorporates or adopts existing federal law, ERISA, for all group and individual health plans to mandate unconditional acceptance of valid patient assignments for disbursement of reimbursement checks directly to the designated health care providers regardless of their network participation.

Approximately 70% of insured working Americans paid higher premiums for out-of-network coverage and rights to see non-participating providers on usual and customary rate fee schedules. These numbers indicate that Americans value this option. Administrative processes should not become overly burdensome for patients who pay extra for this product.

Majority of patients do not want to receive checks directly from the insurance company. Health care is confusing to them as it is and this extra burden placed on them is not appreciated. Patients do not want to be in the middle of provider and insurance company negotiations.

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These payments directly to patients have been used as leverage by the insurance companies to pressure providers into joining networks. However, today the ability to negotiate a contract that will cover costs and allow for even a small profit is almost impossible. A surgery center administrator recently stated it took her center 14 months to re-negotiate an existing contract with their largest payer. A professional insurance contract Negotiations Company assisted them with the process and stated they had never experienced a more difficult and discouraging re-negotiation experience.

Our hospital partner has been negotiating on our surgery center's behalf with two of the three insurance companies who send checks to OON providers. These negotiations have been going on for 6 months so far and little has been accomplished. The process has been slow and frustrating with little communication from the insurance company. Their excuse: 5 of their 6 provider contractors quit at the same time.

Many surgery centers have been told by one of the largest insurance companies in the state that they have no desire to contract with surgery centers. On the other hand, this insurance company's legal counsel will tell state legislators that all they want is for providers to sign contracts.

These direct payments to patients increase healthcare administration costs:
Our collections expert spends approximately 20 to 28 hours a month dealing with checks sent to patients. Seventeen patients making up 3% of our patients covered by our largest OON payer were sent to collections in 2012 because they kept their check sent to them by their insurance company. That makes up $112,294 placed in patient's hands that was not taxed like regular income.

In addition, some patients cash their insurance check and then pay the surgery center with a credit card. They then deduct this amount as a medical expense on their taxes.

One patient told us she was applying for a home loan so she cashed the insurance check and deposited so it would appear she had more money in the bank and increase her chances of getting the loan.

Young adults over 18 are often caught between divorced parents. The father of one of our patients cashed the check meant to pay for his son's surgery. The young adult and his mother were not able to get the money from the father. Ultimately, the young adult is who is sent to collections because he the responsible adult on the account.

These stories occur every single week. The majority doesn't end up in collections, but it is because of the diligence of our business office and is an expensive and labor intensive process that should not be necessary.

Healthcare is changing. There is an emphasis on transparency. Meaningful changes will not be successful unless fair and consistent business practices are implemented across the country. I know surgery centers in rural parts of the state that have negotiated reasonable

contracts with the same companies that won't return our calls in Portland. If we can't get contracts – we should at least be able to provide our quality services in an environment that still promotes efficiencies in healthcare. Sending checks to patients increases administrative burden and places patients in compromising positions. Patients should not be used as pawns in the negotiations of contracts.

Thank you for listening.