Chair Greenlick and members of the Health Care Committee,

I support your efforts to address "surprise bills" created by balance billing. But I am struggling with how "reasonable and customary" rates will be addressed by HB 2339 as it applies to out-of-network providers. Oregon's APAC may be able to provide "statistically credible information" about "customary" prices, but what is a "reasonable" when what-the-market-will-bear prices prevail? What happens if "reasonable and customary" rates over- or under-compensate the out-of-network doctor relative to how insurance companies reimburse their network doctors?

Q-Corp boasts a first-in-nation regional cost comparison. Oregon ranked highest when it came to the overall *price* index in the 5 regions studied. Oregon neither sets rates for all payers nor imposes healthcare spending caps in hospitals.

Components of Medical Cost
Commercial Population 2014
Combined Attributed and Unattributed

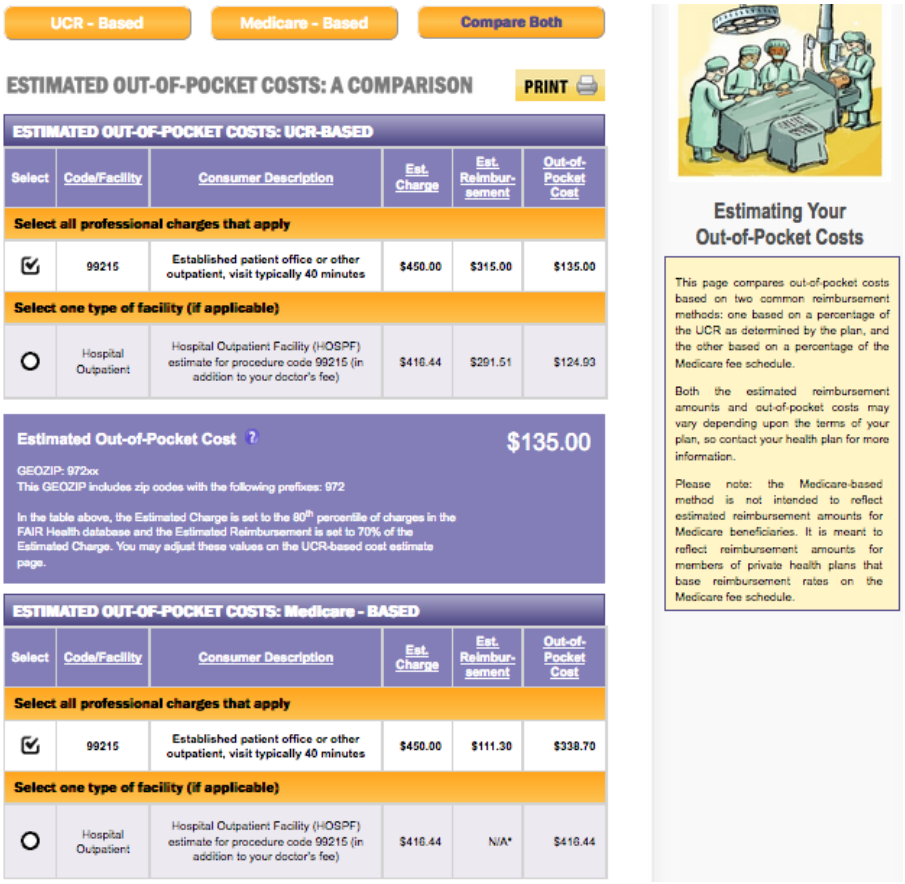
Measure	HI Utah	MHCC Maryland	MHI St. Louis, MO	MNCM Minnesota	Q CORP Oregon
TCI					
Overall	1.07	0.86	0.89	1.13	1.09
Inpatient	1.45	0.62	0.82	1.12	1.08
Outpatient	1.15	0.67	0.97	1.09	1.17
Professional	0.94	0.90	0.76	1.26	1.16
Pharmacy	0.91	1.16	1.09	0.95	0.86
RUI					
Overall	1.08	0.88	1.08	1.05	0.93
Inpatient	1.57	0.63	1.03	1.01	0.85
Outpatient	1.21	0.52	1.25	1.07	0.99
Professional	0.93	1.05	0.96	1.07	0.97
Pharmacy	0.93	1.14	0.96	1.06	0.88
Price Index					
Overall	0.99	0.97	0.82	1.08	1.17
Inpatient	0.93	0.98	0.79	1.11	1.27
Outpatient	0.95	1.28	0.77	1.02	1.18
Professional	1.01	0.86	0.79	1.18	1.19
Pharmacy	0.98	1.02	1.13	0.89	0.98

“Surprise bills” are a trick of the trade. Big players in the healthcare industry hoard and leverage pricing data as trade secrets while lobbying to maintain profits over people. Insurance companies create "psychotic complexity,"[1] cruelly shifting costs to patients with surprise medical bills.

It’s no wonder that an attempt to shed transparency on healthcare pricing failed miserably in 2015. SB 900[2] was the compromise. Posting median prices does nothing to help the patient navigate high costs and avoid medical bankruptcy.

FAIR Health[3] estimates out-of-pocket costs in different regions. But FAIR Health makes it clear that it does not determine, develop, or establish any fee, reimbursement level or UCR for any procedure or service.

Consider this possibility. A child is hospitalized with new onset diabetes. The child is seen in follow-up by a pediatric endocrinologist that is out-of-network. She bills the patient $450 using the 99215 CPT code.[4]



UCR - Based | Medicare - Based | Compare Both

ESTIMATED OUT-OF-POCKET COSTS: A COMPARISON — PRINT

ESTIMATED OUT-OF-POCKET COSTS: UCR-BASED

Select	Code/Facility	Consumer Description	Est. Charge	Est. Reimbur-sement	Out-of-Pocket Cost
Select all professional charges that apply					
☑	99215	Established patient office or other outpatient, visit typically 40 minutes	$450.00	$315.00	$135.00
Select one type of facility (if applicable)					
○	Hospital Outpatient	Hospital Outpatient Facility (HOSPF) estimate for procedure code 99215 (in addition to your doctor's fee)	$416.44	$291.51	$124.93

Estimated Out-of-Pocket Cost ? $135.00

GEOZIP: 972xx
This GEOZIP includes zip codes with the following prefixes: 972

In the table above, the Estimated Charge is set to the 80th percentile of charges in the FAIR Health database and the Estimated Reimbursement is set to 70% of the Estimated Charge. You may adjust these values on the UCR-based cost estimate page.

ESTIMATED OUT-OF-POCKET COSTS: Medicare - BASED

Select	Code/Facility	Consumer Description	Est. Charge	Est. Reimbur-sement	Out-of-Pocket Cost
Select all professional charges that apply					
☑	99215	Established patient office or other outpatient, visit typically 40 minutes	$450.00	$111.30	$338.70
Select one type of facility (if applicable)					
○	Hospital Outpatient	Hospital Outpatient Facility (HOSPF) estimate for procedure code 99215 (in addition to your doctor's fee)	$416.44	N/A*	$416.44

Estimating Your Out-of-Pocket Costs

This page compares out-of-pocket costs based on two common reimbursement methods: one based on a percentage of the UCR as determined by the plan, and the other based on a percentage of the Medicare fee schedule.

Both the estimated reimbursement amounts and out-of-pocket costs may vary depending upon the terms of your plan, so contact your health plan for more information.

Please note: the Medicare-based method is not intended to reflect estimated reimbursement amounts for Medicare beneficiaries. It is meant to reflect reimbursement amounts for members of private health plans that base reimbursement rates on the Medicare fee schedule.

A "**Usual Customary and Reasonable" reimbursement** would be $315 if it were based on 70% of the bill. The toggle can move up or down. If the toggle were turned up to 90% that figure would be $405. Turned down to 50% and the estimated reimbursement is $225. The 70%, 90% and 50% **Medicare reimbursements** are respectively: $111.30, $127.20, and $79.50.

That means that the bill for this $450 pediatric endocrinologist might be reimbursed at a range of $79.50 to $405, depending on the methodology. While it might be customary (and even reasonable) for a pediatric endocrinologist to bill a complex patient $450 for this appointment, there are horrible consequences for the patient stuck with balance billing when an insurance company lowballs reimbursement.

Stingy insurance companies financially engineered balance billing through limiting networks.

Yes, physicians do over-charge. But increasingly, they are salaried and have no control over prices. Should this bill pass, the physician will need to make up in volume for losses incurred when balance billing does not make up for poorly negotiated reimbursements. That generally means less time with the patient. Or worse, it means slamming doors for chronic care to patients who are in insurance plans with limited networks.

Oregon should look to Maryland for guidance. Since 1977, the Maryland Health Services Cost Review Commission set rates for all payers, from commercial insurers to Medicare and Medicaid. Now Maryland holds all hospitals to a growth rate of 3.58 percent, the state's per-capita rate of economic growth.[5]

Lastly, I will maintain we need single payer financing to pay for a universal healthcare system: one that has a single risk pool, a single comprehensive benefit package and an all-provider network.

Respectfully,

Kris Alman MD

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[1] https://theweek.com/articles/666799/how-american-health-care-kills-people

[2] https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/SB900

[3] https://fairhealthconsumer.org/medical_cost.php?Rate_Type=Compare

[4] "Established patient office or other outpatient, visit typically 40 minutes"; The estimated charge for this appointment in the 972 prefix zip code at FAIR Health.

[5] http://www.governing.com/topics/health-human-services/Maryland-Becomes-First-State-to-Cap-Hospital-Spending-.html

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