February 20, 2019

Chair Monnes Anderson, Members of the Senate Health Committee,

Cambia strongly opposes SB 734 because of the significant cost increase to consumers it presents.

Our initial analysis of this legislation estimates an $8 million cost increase to Cambia Health plans in the Oregon commercial market, if passed as currently written.

We respectfully ask the Committee to consider the following impacts of this legislation:

- **Differential provider payments reflect variables in providers training and practices.** Careful consideration must be given to the fact that the scope of practice of providers can be vastly different from one another (e.g., a general practitioner versus naturopath). Differential provider payments are the result of several factors, including but not limited to: (1) variance in training; (2) different incurred expenses (e.g., support staff costs); (3) variation in overhead costs; and (4) quality of care as assessed by performance measures. The difference in provider reimbursement rates is not discrimination, but an acknowledgement of the value and training each provider brings to the consumer.

- **Quality is not enhanced by "parity."** Establishing a "parity" requirement in reimbursement rates between general practitioners and other health care professionals (e.g. naturopaths) does nothing to enhance quality of care for consumers. Making sure quality care is provided is paramount to health insurance plans but forcing them to increase reimbursement for a specific segment of providers does not mean those providers will deliver better quality care. Payment structures recognize the varying skills and expertise of providers as well as the quality of care provided. Services rendered by various health care professionals, even if they are coded the same, are inherently different by the type of practitioner providing them.

- **Additional health care costs.** Creating "parity" in reimbursement rates essentially raises costs for carriers and consumers by inflating rates for a specific group of providers. Affordability is critically important; especially when looking at any legislation that seeks mandated reimbursement for a certain segment of providers.

- **Terms of a contract should remain between a provider and a health insurance plan.** Establishing legislative requirements that would essentially set a reimbursement amount for certain types of providers impedes contract negotiations between providers and health insurance plans. Many factors are considered when creating a reimbursement rate, including geographic location and proximity to other providers of the same type. Inserting government-mandated pricing into such contracts could negatively impact consumers, as premiums will rise to accommodate the reimbursement mechanisms mandated by the state.

- **Providers should not be rewarded for failure to negotiate**. This bill creates no incentive for naturopaths to engage in contract negotiations with a health plan; they are automatically reimbursed the same amount as in-network licensed physicians.
    - This type of mandate deters health plans' efforts to offer high-value provider networks, a critical tool given the wide variation in practice among providers and the variation in rates they charge for services.
    - This requirement will make it difficult to negotiate favorable payment rates with providers in exchange for potential patient volume.
    - By forcing health plans to pay all naturopaths the same rates, these requirements undermine health plans' efforts to provide access to providers that have a track record of providing the highest quality and most cost-efficient care to patients.
    - In addition to these reimbursement issues, reducing the incentive for naturopaths to execute contracts with health plans reduces the other protections afforded to health plan members when providers are under contract, including continuity of care protections, billing methodology protections, and utilization management protections.

- **This mandate directly contradicts the ACA Provider Non-Discrimination provision.** This bill seeks to undermine PHS Act section 2706(a) of the federal Affordable Care Act (ACA) which allows commercial health plans to differentiate provider compensation based on "quality and performance metrics." While states are permitted to enhance obligations already codified by federal law, SB 734 contradicts federal intent by undercutting advances made with value-based payment models by forcing continued use of a fee-for-schedule payment model.

- **Consumers will encounter much larger out-of-pocket costs**. By legislating their own pay raise, naturopaths will have little to no incentive to contract with health plans, thus staying out-of-network and creating higher balance billing costs for the consumer with no impact to the naturopath.

- **This legislation unfairly targets fee-for-service plans for no reason.** SB 734 exempts federally qualified Health Maintenance Organizations (HMOs) like Kaiser Permanente but applies to fully insured plans that compensate providers on a fee-for-service basis. We believe the payment mandate, if it must exist, needs to include all plans in the commercial market to achieve the bill's stated goal of expanded access for all Oregonians. That said, we do not believe this bill is necessary to achieve the goal of expanded access.

The significant cost impact of this legislation will be felt by Oregon consumers with no guarantee of an increase in value. We appreciate your consideration of these comments.

Sincerely,
Vince Porter
Director of Government Affairs