

HB 2540 Testimony - SUPPORT

Chair Nosse, Vice-Chair Javadi, Vice-Chair Nelson and members of the committee,

My name is Ed Diehl, and I am the State Representative for House District 17, which spans East Salem through the majestic Santiam Canyon. Thank you for the opportunity to speak in support of House Bill 2540.

What does this bill do? If an insured patient finds a cash-pay price for a procedure that's cheaper than what their in-network providers are charging, their insurance company must apply that expense towards the patient's deductible.

House Bill 2540 introduces "deductible crediting" to the health care marketplace in Oregon. As you all know, the health insurance deductible is the out-of-pocket expense an individual must pay before their health insurance kicks in and pays the rest of the tab. Anything over \$1,500 is considered "high deductible." OHA has found that the average individual deductible for private health insurance is over \$2,100. Many Oregonians can't afford to pay even the full amount of their deductible. House Bill 2540 seeks to alleviate this financial challenge by allowing insured Oregonians to shop for their health care and get credit for it.

Many in-network options cost more than a person's deductible, resulting in them not being able to pay for the service at the insurer's negotiated price. But the **cash option** can be significantly cheaper. In one state where deductible crediting is the law, the cash price for a colonoscopy was \$541, while the insurer negotiated rate was an average of \$2,400. So if a person had a \$1,500 deductible, they would save \$959 with this legislation. That type of price difference represents massive cost savings to a person or a family that needs every dollar they have to put food on the table and keep a roof over their heads.

This may seem strange to us on the State of Oregon insurance plan, but a lot of private employers have high deductible plans.

Simply stated, HB 2540 allows a person to access affordable health care and to credit the expense towards their deductible. I also want to make clear that the bill DOES NOT allow a person to receive deductible credit for just any out-of-pocket health care that they pay for. The stipulations are clear:

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- The care must be medically necessary.
- The care must be a service already covered under the person's existing health insurance policy.
- The care must be cheaper than the same type of service offered by an in-network provider.

We have been asked for two amendments to the bill:

An insurer has asked for an amendment to clarify that they can require a member to submit their eligible and covered claims through the same system that providers use. That way, they can avoid a manual process. With this amendment, PacificSource has stated that they are neutral on this bill.

We are working with Kaiser on a second amendment item to address the fact that they are a fully integrated health care delivery system. With this amendment Kaiser has stated that they are neutral on this bill.

House Bill 2540 will reduce the cost of health care for many Oregonians and should encourage health prices to come down for many procedures. I thank this committee for the opportunity to testify in support of House Bill 2540 and urge passage of this needed legislation.
