



LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
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LAWRENCE M. REIFURTH
DIRECTOR

RONALD BOYER
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Wednesday, February 6, 2008
8:00 a.m.

TESTIMONY ON HOUSE BILL NO. 3157 – RELATING TO DIRECT PAYMENT TO PROVIDERS

TO THE HONORABLE JOSH GREEN, M.D., CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is J. P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports this Administration bill, which allows nonparticipating medical service providers to receive payment directly from health plans rather than attempting to collect from the patient.

We support direct pay for nonparticipating providers because it will make it easier for them to collect what they are owed. In addition, direct pay will give providers a bargaining chip in negotiations with health plans regarding reimbursement, which may help to alleviate the problem of low provider reimbursements in the market. We do not think at the end of the day that many providers will actually become nonparticipating as a result of this bill simply because the economic incentive is to remain participating so that they can obtain more patients. Therefore, while there is a risk of higher costs being passed on to consumers, we think the impact will be small.

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DCCA Testimony of J.P. Schmidt
H. B. No. 3157
February 6, 2008
Page 2

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

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HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

**The House of Representatives
Committee on Health
Representative Josh Green, M.D., Chair
Representative John Mizuno, Vice Chair**

February 6, 2008, 8 a.m.
Conference Room #329
Hawaii State Capitol

**Testimony in Supporting
HB 3157 Relating to Direct Payment to Providers**

Testimony By:
Thomas M. Driskill, Jr.
President & Chief Executive Officer

The Hawaii Health Systems Corporation (HHSC) strongly supports HB 3157 Relating to Direct Payment to Providers.

The purpose of this bill is to ensure reimbursement to providers by directing payers of health services to make payment directly to the healthcare provider, regardless of the contractual arrangement with the provider, when services are provided to a plan member. This measure seeks a method of direct payment to providers and does not intend to affect the covered services of the respective insurers' plans.

Currently, if a healthcare provider is a non-participant, the healthcare payer may make payment to the individual that receives the services rather than the healthcare provider. This situation results in unnecessary additional collection costs to the provider, additional losses, reduced services to the public and potentially additional cost for the individual receiving services. Further, this concept of provider participation/non-participation has such a detrimental impact on provider finances as to render many providers unable to survive unless they agree to a participant status. Some health payers thus use this point of participation/non participation as undue leverage during contract negotiations and discussions. This situation further contributes to the unraveling of healthcare we see taking place in Hawaii today.

We urge your support and passage of this measure.

Payments to Hawaii Hospitals

Hawaii's overall payment as a percentage of costs is the lowest in the United States

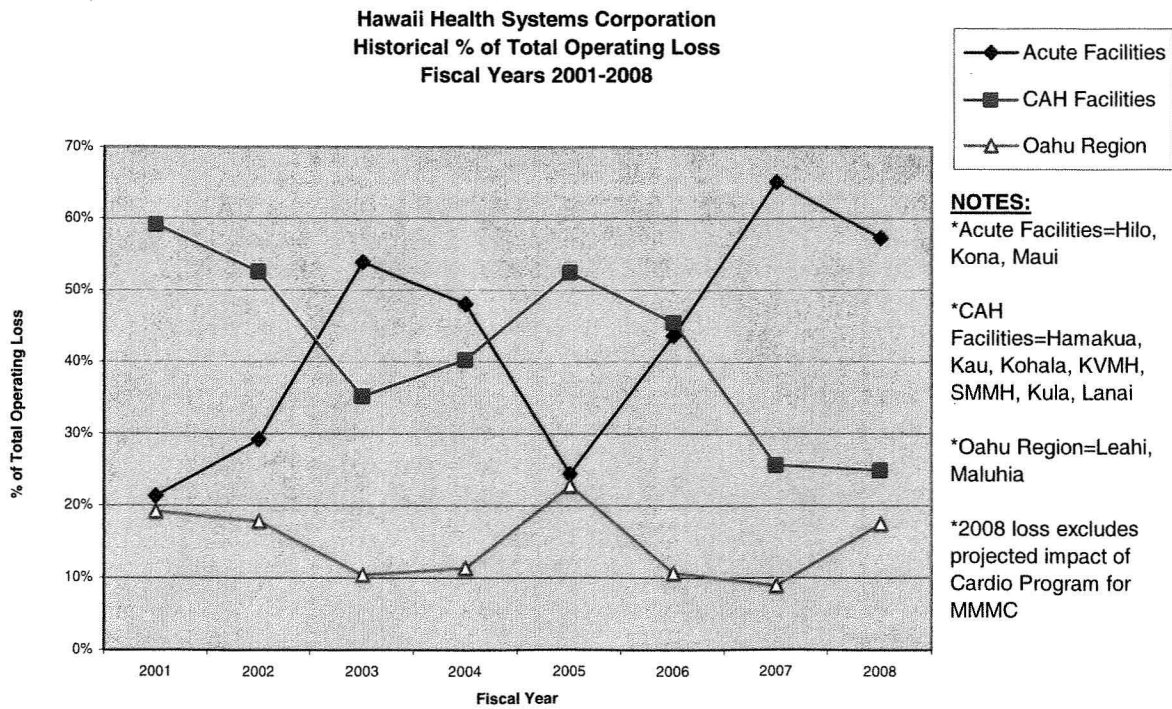
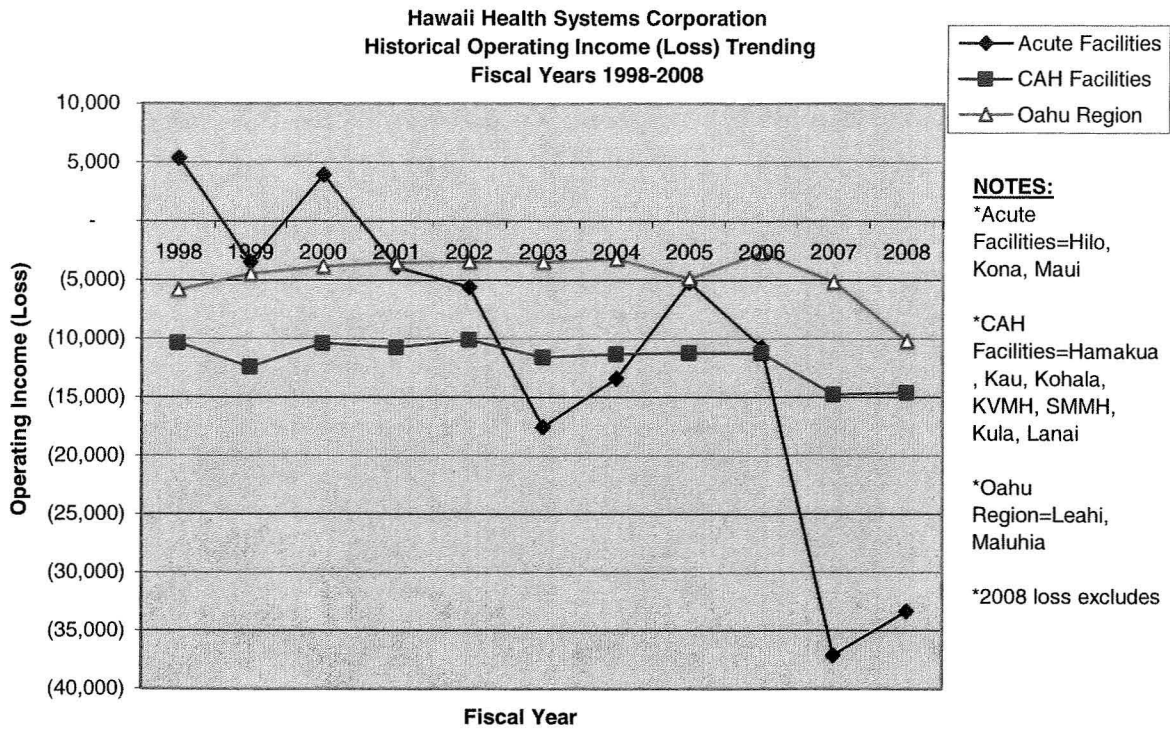
- Hawaii payments are primarily from Medicare, Medicaid, commercial payors (HMSA, UHA, HMAA, etc.) and others (Workers' Compensation, No-Fault, etc.)
- Medicare and Medicaid do not pay for the full cost of hospital services provided to beneficiaries in most states
 - Over 50% of all inpatients hospitalizations are covered by Medicare or Medicaid/Quest
 - 2006 Medicare losses for hospitals were approximately \$181,200,000
 - 2006 Medicaid/Quest losses for hospitals were approximately \$63,500,000
- In many states, private insurance covers the shortfall from the government payors

**Calendar Year 2006
Percent of Costs Paid by:**

	<u>Medicare</u>	<u>Medicaid/ Quest</u>	<u>Commercial and Other</u>	<u>Overall</u>
Hawaii	79.77 %	80.02 %	111.24 %	92.39 %
Lowest Overall State	66.65 %	32.93 %	101.80 %	92.39 %
Average for US	80.36 %	75.30 %	124.89 %	104.32 %
Highest Overall State	101.03 %	105.46 %	145.94 %	115.62 %

Source: Hawaii DataBank Program, Hawaii Health Information Corporation (HHIC)

Attachment 2



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HAWAII PSYCHIATRIC MEDICAL ASSOCIATION
1360 S. Beretania Street, 2nd Floor, Honolulu, HI 96814
Ph: (808) 282-0488

Public Access
Please deliver
5 copies to Clerk in Rm. 436
HLT: 2/6/08 at 8:00 in Rm.
329

COMMITTEE ON HOUSE HEALTH
Rep. Josh Green, MD, Chair
Rep. John Mizuno, Vice-Chair

Re: HB 3157, Relating to Direct Payment to Providers

STRONGLY SUPPORT

The Hawaii Psychiatric Medical Association submits its testimony in strong support of HB 3157, Relating to Mental Health. The measure establishes a method of direct payment to providers and does not affect the covered services or level of reimbursements of insurers' plans.

The current system allows insurers to make direct payment for physician services rendered to the patient, not the provider. Hawaii's largest insurer is rated #49 nationally for the level of reimbursements to physicians. The current system further deteriorates the existing reimbursement level of the providers by requiring non-participating providers to incur unnecessary additional collection costs, additional losses the providers can ill afford, reduced services to the public and potentially additional cost for the individual receiving services.

Non-participation has such a detrimental impact on provider finances as to render many providers unable to survive unless they agree to a participant status. Some health payers use this point of participation as undue leverage during contract negotiation forcing providers to agree to terms that negatively impact their practices. Hawaii's healthcare system is strained and, in certain areas, critically strained. This situation further contributes to the unraveling of healthcare we see taking place in Hawaii today.

Thank you for your consideration to pass this measure.

HAWAII PSYCHIATRIC MEDICAL ASSOCIATION

mizuno1-Edgar

From: harry [docharry@hawaii.rr.com]
Sent: Monday, February 04, 2008 9:39 PM
To: HLTtestimony
Subject: HB 3157 Relating to Direct Payment to Providers

February 4, 2008

Rep. Josh Green, M.D., Chair
Rep. John Mizuno, Vice-Chair

From:
Harry N. Yoshino, M.D.
Chair, American College of Obstetricians and Gynecologists, Hawaii Section
1329 Lusitana St. Suite B-2
Honolulu, HI 96813
Ph: 599-4200

Re: HB 3157 Relating to Direct Payment to Providers

ACOG Hawaii Section strongly supports HB 3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, HMO's, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

Hawaii's high medical liability insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain enough physicians to serve the people of the state.

We support direct payment legislation for the following reasons:

-Presently, health care insurers make payments to network providers only. This give physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.

Benefits to consumers include:

1. Increased consumer choice - Patients will have the ability to choose physicians who do not have a contract with the insurer.
2. Transparent pricing - Physicians will need to provide patients with the prices for their services before services are rendered.
3. Informed consumers - Patients will become much more aware of the cost of health care.

-The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.

-Direct payment wil encourage competitive services and charges.

-Health plans will continue to have the ability to review physician claims and report suspicious activity to the appropriate bodies.

Thank you very much for the opportunity to provide this testimony.

MCCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

February 5, 2008

Honorable Josh Green, M.D., Chair
Honorable John Mizuno, Vice Chair
Committee on Health
House of Representatives
State Capitol
415 South King Street
Honolulu, Hawaii 96813

Re: H.B. No. 3157, RELATING TO DIRECT PAYMENT TO PROVIDERS

Dear Chair Green, Vice Chair Mizuno, and Committee Members:

On behalf of the American Family Life Assurance Company of Columbus (AFLAC), we respectfully submit the following written testimony with respect to House Bill No. 3157, relating to direct payment to providers which is to be heard by your Committee on Health on February 6, 2008.

H.B. No. 3157 is intended to allow medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer. However, there are certain types of supplementary health insurance for which direct payment to provider would not be appropriate. Specifically, there are certain types of limited benefit insurance that provide benefits directly to the insured, based on specific occurrences of treatment or disease, without regard to the cost to the insured, *i.e.*, are not reimbursement policies.

Because the benefits under such policies always are paid to the insured, regardless of the cost of treatment, we support the amendment of the subsection (d) of the new section 431:10A- to be added by Section 2 of H.B. No. 3157 to exclude therefrom limited benefit insurance policies that pay benefits directly to the insured:

"(d) The provisions of this section shall not apply to any entity or situation when their application to the entity or situation would be preempted under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 100, et seq., nor to any specified disease or other limited benefit policy of insurance that pays benefits directly to the insured upon the occurrence of specific treatment, disease or other events specified in the policy without regard to the cost incurred by the insured."

Honorable Josh Green, M.D., Chair
Honorable John Mizuno, Vice Chair
Committee on Health
February 5, 2008
Page 2 of 2

(Additional language underscored.)

Thank you for your consideration of the foregoing.

Very truly yours,

MCCORRISTON MILLER MUKAI MACKINNON LLP

A handwritten signature in black ink, appearing to read "Peter J. Hamasaki", written in a cursive style.

Peter J. Hamasaki

000104

Testimony of
Frank P. Richardson
Executive Director of Government Relations

Before:
House Committee on Health
The Honorable Josh Green, M.D., Chair
The Honorable John Mizuno, Vice Chair

February 6, 2008
8:00 am
Conference Room 329

HB 3157 RELATING TO DIRECT PAYMENT TO PROVIDERS

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on HB 3157 which allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.

Kaiser Permanente Hawaii requests that this bill be amended.

Kaiser Permanente already makes payment directly to its outside contracted providers who submit claims for covered benefit services rendered, as well as to non-contracted providers providing such services pursuant to authorized referrals or for covered emergency services.

However, the language of this bill as set forth in Section 4, proposing to amend HRS Chapter 432D, does not accurately contemplate, reflect, or fit, the fully integrated staff model of healthcare provided by Kaiser Permanente. Kaiser efficiently manages the delivery of cost effective, quality health care by virtue of the fully integrated nature of its Health Plan, Hospital, and Medical Group, a structure that is unique even among health maintenance organizations.

Accordingly, Kaiser recommends that Section 4 be deleted in its entirety, as unnecessary; or in the alternative, Kaiser recommends that Section 4, paragraphs (a) and (b) be amended as follows (new language shown in bold text, deleted language shown by strikethrough):

- (a) A health maintenance organization, after receiving a claim for benefits under this chapter, shall make payment directly to the healthcare provider ~~that provided that billed the health maintenance organization for the services provided by that healthcare provider~~, regardless of the healthcare provider's participatory status with the health maintenance organization

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Honolulu, Hawaii 96813
Telephone: 808-432-5408
Facsimile: 808-432-5906
Mobile: 808-295-5089
E-mail: frank.p.richardson@kp.org

healthcare plan; provided that this sub-section shall not require payment for ~~services~~ **benefits** that are not covered under the plan.

- (b) If the health maintenance organization makes payment to the enrollee, the health maintenance organization shall remain liable for payment to the healthcare provider, **unless the healthcare provider has already been paid.** This subsection shall not prohibit the health maintenance organization from recovering any amount mistakenly paid to the enrollee.

Thank you for your consideration and the opportunity to comment.



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February 6, 2008

To: Rep. Josh Green, M.D., Chair
Rep. John Mizuno, Vice Chair
House Health Committee

PLEASE DELIVER TO:
House Health
Committee
Wed.
2-6-08
8am
Room 329

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Deleted: Sen. David Ige
Deleted: Sen. Carol Fukunaga,
Deleted: Senate

From: Cynthia J. Goto, M.D., President
Linda Rasmussen, M.D., Legislative Co-Chair
Philip Hellreich, M.D., Legislative Co-Chair
Paula Arcena, Executive Director
Dick Botti, Government Affairs Liaison

Re: HB3157 Relating to Direct Payment to Providers
(Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

The Hawaii Medical Association strongly supports HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers does not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living and low physician reimbursements had made it difficult to recruit and retain an adequate physician workforce.

We support direct payment legislation for the following reasons:

- Currently, health care insurers make payment to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers include:
 1. Increased consumer choice – Patients will have the ability to choose physicians whether they have a contract with the insurer or not;
 2. Informed Consumers -- Patients will become much more aware of how much health services cost.
- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.

Hawaii Medical Association
1360 S. Beretania St.
Suite 200
Honolulu, HI 96814
(808) 536-7702
(808) 528-2376 fax
www.hmaonline.net

- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.
- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.

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Report Title:¶
Direct Payment to Providers¶
¶

Description:¶
Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.¶
¶

Page Break

HOUSE OF REPRESENTATIVES ... [1]

Report Title:

Direct Payment to Providers

Description:

Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.

HOUSE OF REPRESENTATIVES
TWENTY-FOURTH LEGISLATURE, 2008
STATE OF HAWAII

H.B. NO.

3157

A BILL FOR AN ACT

RELATING TO DIRECT PAYMENT TO PROVIDERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the State's healthcare system is in financial crisis due to low reimbursements and increasing costs. The low reimbursement rates have forced hospitals and other providers to institute cost-cutting measures that may not be in the best interest of consumers. Providers negotiate contracts with insurers, mutual benefit societies, and health maintenance organizations. However, the providers are not in an equal bargaining position when negotiating the contracts. Providers are forced to either accept rates that are often substantially below the cost of providing the services or be classified as a "non-participating provider", which results in some payers making reimbursement directly to the patient rather than to the provider. The provider is then forced to collect the fees from the patient, which results in increased collection costs, delayed payments, and

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substantially lowered collection success with a potential for increased cost for the individual receiving the services.

The purpose of this bill is to further the public's interest in maintaining a financially sound healthcare system by requiring insurers, mutual benefit societies, and health maintenance organizations to pay healthcare providers directly regardless of the healthcare provider's participatory status with the insurer, mutual benefit society, or health maintenance organization.

SECTION 2. Chapter 431, Hawaii Revised Statutes, is amended by adding to article 10A a new section to be appropriately designated and to read as follows:

"§431:10A- Direct payment for healthcare services. (a) An insurer, after receiving a claim for payment of benefits, shall make the payment directly to the healthcare provider that provided the services, regardless of the healthcare provider's participatory status with the insurer's plan; provided that this sub-section shall not require payment for services that are not covered under the plan.

(b) If the insurer makes payment to the insured, the insurer shall remain liable for payment to the healthcare provider. This subsection shall not prohibit the insurer from recovering any amount mistakenly paid to the insured.

(c) The term healthcare provider as used in this section means a provider of services, as defined in 42 U.S.C. § 1395x(u), a provider of medical and other health services, as defined in 42 U.S.C. § 1395x(s), and any other person or organization who furnishes, bills, or is paid for healthcare in the normal course of business.

(d) The provisions of this section shall not apply to any entity or situation when their application to the entity or situation would be preempted under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 100, et seq."

SECTION 3. Chapter 432, Hawaii Revised Statutes, is amended by adding to article 1 a new section to be appropriately designated and to read as follows:

"§432:1- Direct payment for healthcare services.

(a) A mutual benefit society, after receiving a claim for benefits under this chapter, shall make payment directly to the healthcare provider that provided the services, regardless of the healthcare provider's participatory status with the society's healthcare plan; provided that this sub-section shall not require payment for services that are not covered under the plan.

(b) If the society makes payment to the member, the society shall remain liable for payment to the healthcare provider. This subsection shall not prohibit the society from recovering any amount mistakenly paid to the member.

(c) The term healthcare provider as used in this section means a provider of services, as defined in 42 U.S.C. § 1395x(u), a provider of medical and other health services, as defined in 42 U.S.C. § 1395x(s), and any other person or organization who furnishes, bills, or is paid for healthcare in the normal course of business.

(d) The provisions of this section shall not apply to any entity or situation when their application to the entity or situation would be preempted under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 100, et seq."

SECTION 4. Chapter 432D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§432D- Direct payment for health care services.

(a) A health maintenance organization, after receiving a claim for benefits under this chapter, shall make payment directly to the healthcare provider that provided the services, regardless of the healthcare provider's participatory status with the health maintenance organization healthcare plan; provided that this subsection shall not require payment for services that are not covered under the plan.

(b) If the health maintenance organization makes payment to the enrollee, the health maintenance organization shall remain liable for payment to the healthcare provider. This subsection shall not prohibit the health maintenance organization from recovering any amount mistakenly paid to the enrollee.

(c) The term healthcare provider as used in this section means a provider of services, as defined in 42 U.S.C. § 1395x(u), a provider of medical and other health services, as defined in 42 U.S.C. § 1395x(s), and any other person or organization who furnishes, bills, or is paid for healthcare in the normal course of business.

(d) The provisions of this section shall not apply to any entity or situation when their application to the entity or situation would be preempted under The Employee Retirement Income Security Act of 1974, 29 U.S.C. § 100, et seq."

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

INTRODUCED BY:

BY REQUEST

000112

February 6, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday, February 6, 2008 0800am Hearing, Room 329

From:
Racquel Smith Bueno, MD, FACS
321 North Kuakini Street #201
Honolulu, HI
808-523-8611

RE: HB3157 Relating to Direct Payment to Providers

The Hawaii Medical Association strongly supports **HB3157**, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

In combination, Hawaii's high medical malpractice premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

We support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers, including:
 1. Increased consumer choice – Patients will have the ability to choose physicians whether they have a contract with the insurer or not;
 2. Transparent pricing – Physician will need to provide patients with the prices for their services before services are rendered; and
 3. Informed consumers – Patients will become much more aware of how much health services cost.
- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.

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- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.



Racquel Smith Bueno, MD, FACS
Assistant Professor of Surgery
John A. Burns School of Medicine, Department of Surgery



HOUSE COMMITTEE ON HEALTH
Rep. Josh Green, M.D., Chair

Conference Room 329
Wednesday, February 6, 2008 at 8:00 a.m.

Testimony in support of HB 3157.

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in support of HB 3157, which requires each health care insurance plan to pay health care providers directly for their services, whether a provider is in the plan's network of providers or not.

Each health care insurance plan typically contracts with numerous providers, such as physicians and hospitals, to make services available to its subscribers. The contracts specify the amounts that the plan will pay to the provider for each type of service. When a subscriber receives services from a provider that is within the network, the insurance plan pays the provider directly.

Subscribers also have the option of going outside the network for services. They may do this when specialized services are not available or not easily accessible within the network, or for a variety of other reasons. The insurance plan also pays for health care services that are provided outside the network. However, in this case the insurance plan can pay the subscriber rather than the health care provider. When that happens, the subscriber is responsible to pay the provider and to make up for any difference between the amount charged by the provider and the amount paid by the insurance plan.

The majority of subscribers pay the out-of-network providers. However, too many subscribers neglect to pay the providers after they receive payment from the insurance plans. They simply choose to dispose of their windfall in other ways. Providers are adversely affected because most of them are working with small margins, so non-payment by even a few patients may have significant impacts.

This bill does not increase payments made by insurance plans to out-of-network providers. It simply requires insurance plans to pay those providers directly.

Thank you for this opportunity to testify in support of HB 3157.

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME LOCAL 152, AFL-CIO

888 MILILANI STREET, SUITE 601 • HONOLULU, HAWAII 96813-2991



Randy Perreira *Executive Director*
Tel: 808 543-0011 Fax: 808 528-0922

Nora A. Nomura *Deputy Executive Director*
Tel: 808 543-0003 Fax: 808 528-0922

Derek M. Mizuno *Deputy Executive Director*
Tel: 808 543-0055 Fax: 808 523-6879

The Twenty Fourth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Health
Committee on Human Services and Housing

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
February 6, 2008

**H. B 3157 - RELATING TO
DIRECT PAYMENT TO PROVIDERS**

The Hawaii Government Employees Association, Local 152, AFL-CIO, supports H.B. 3157. This bill proposes to ensure that reimbursements to healthcare providers are sent directly to the provider when services are rendered to a plan member.

Currently, providers negotiate contracts with the insurers but are not in equal bargaining positions. They are literally forced to accept reimbursement rates that are substantially lower than the cost to provide the services or be classified as a “non-participating provider.” This results in the insurer making reimbursement payments directly to the patient. This forces the provider to take efforts to collect payment from the patients, which results in higher operation costs for the provider.

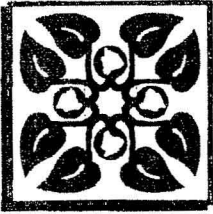
If the insurer would make reimbursement payments directly to the provider, the operational costs would be lowered for the provider. This would have a positive effect for the public in ensuring a financially sound healthcare system.

We respectfully urge passage of H.B. 3157 from your committee. Thank you for the opportunity to submit our testimony in support of this bill.

Respectfully Submitted,

Nora A. Nomura
Deputy Executive Director

000116



THE HEART CENTER at the Hilo Medical Center

Dr. William H. Sammond, MD FACC
1190 Waianuenu Avenue ♥ Hilo, Hawai'i 96720
Phone 808.935.5595 ♥ Fax 808.974.6798

TO: Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

FROM: William H. Sammond, M.D., F.A.C.C.
The Heart Center at Hilo Medical Center
1190 Waianuenu Avenue
Hilo, HI 96720
(808) 935-5595

RE: HB3157 Relating to Direct Payment to Providers
(Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

The Hawaii Medical Association strongly supports HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.

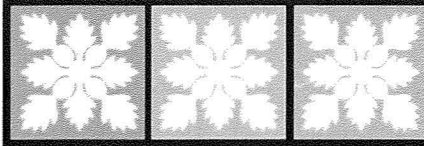
In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

We support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers, including:
 1. Increased consumer choice - - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;
 2. Transparent Pricing - - Physicians will need to provide patients with the prices for their services before services are rendered; and
 3. Informed Consumers - - Patients will become much more aware of how much health services cost.
- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.
- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.





Hawaii Association of Health Plans

February 6, 2008

The Honorable Josh Green, M.D., Chair
The Honorable John Mizuno, Vice Chair

House Committee on Health

Re: HB 3157 – Relating to Direct Payment to Providers

Dear Chair Green, Vice Chair Mizuno and Members of the Committee:

My name is Rick Jackson and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare
Hawaii Medical Assurance Association
HMSA
Hawaii-Western Management Group, Inc.

MDX Hawai‘i
University Health Alliance
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

Thank you for the opportunity to testify in opposition to HB 3157, which would require health plans provide payment directly to physicians, all medical service providers and health care facilities that have not entered into a contractual agreement to participate with the plan. We believe that the language in HB 3157 will reduce the incentives for providers to contract with health plans and ultimately harm consumers.

Direct reimbursement strikes at the heart of the contractual relationship between health plans and their contracted participating providers. These contracts are in place to provide members and employers with financial and quality assurances. HB 3157 would remove a very important incentive that providers have to contract with health plans and participate in our provider networks.

Proponents of this measure fail to explain that the only thing that direct reimbursement would accomplish is to shift costs to the consumer. Direct reimbursement would remove a providers’ incentive to maintain their contract with a health plan. Without contracts,

• AlohaCare • HMAA • HMSA • HWMG • MDX Hawaii • UHA • UnitedHealthcare •

HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813

www.hahp.org

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providers will not be prohibited from charging the patient more than the Plan's eligible charge – and providers will charge more. Without contracts, there is no way to ensure reasonable and consistent payment to providers for services. We expect the result will be wide variation in billing and collection practices, and confusion on the part of our members who chose to see the same doctor but are suddenly faced with higher out-of-pocket costs.

For the reasons cited in our testimony, we respectfully request the Committee hold this bill.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Jackson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rick Jackson
President

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 6, 2008

The Honorable Josh Green, M.D., Chair
The Honorable John Mizuno, Vice Chair

House Committee on Health

Re: HB 3157 – Relating to Direct Payment to Providers

Dear Chair Green, Vice Chair Mizuno and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in opposition to HB 3157 which would force health plans to provide direct payment to physicians and medical facilities who do not contract as participating provider with the health plan.

On the surface, this bill would seem to simply require a health plan to send a payment check to a different address. The issue is much more complex. HB 3157 will ultimately lead to higher consumer costs, fewer consumer choices and decreased quality assurances for Hawaii consumers.

Direct reimbursement strikes at the heart of the contractual relationship between health plans and providers. These contracts are in place to provide members and employers with financial and quality assurances. HB 3157 would remove a very important incentive that providers of medical services, physicians and facilities, have to contract with HMSA and participate in our networks.

Our entire health care system is based on an agreement between the health plan and the provider. In the agreement, the provider agrees to accept the plan's eligible charge as payment in full (i.e. the provider agrees not to charge our members any more than the eligible charge, also known as balance billing) and the plan agrees to pay the provider directly as well as list the provider in its marketing materials. If this bill passes, providers not contracting with HMSA will get the advantages of a contractual relationship (direct reimbursement), but will have none of the obligations to protect our members. Those supporting this measure want the advantages of membership, but won't accept the obligation to protect our members.

Members' Out of Pocket Costs will Increase

Direct reimbursement would remove providers' incentive to maintain contracts with health plans. Without contracts, providers will not be prohibited from charging the patient more than HMSA's eligible charge – and providers will charge more. Without contracts, there is no way to ensure reasonable rates for services. The cost to members will inevitably increase.

Decreased Member Choice

Greater network participation translates into broader choice for consumers. A majority of Hawaii's providers participate in HMSA's network, meaning our members have broad access to care. In states that have enacted similar legislation, consumer choice of qualified providers has been reduced because the law creates a disincentive for providers to maintain their contracts.

Health Care Quality will Decrease

Health plans play a critical role in establishing clear criteria to ensuring high quality health care for all members. Our provider networks give members the assurance that the providers who care for them are credentialed and meet rigorous educational and quality standards. If providers do not contract with HMSA, we will not be able to ensure high quality care for our members.

It is also interesting to note that part of the information included in the justification sheet provided with this bill contains the statement that it will "improve services to the public" and that without this measure there could potentially be "additional costs for the individual receiving the services." Unfortunately, we believe that these statements misrepresent what actually would occur if direct reimbursement legislation were approved. While it is true that providers would receive additional money for services rendered, under HB 3157 it would come on the backs of Hawaii's consumers. We don't believe that this is the intention of the Legislature.

Thank you for the opportunity to provide testimony in opposition to HB 3157.

Sincerely,



Jennifer Diesman
Director, Government Relations



**To: House Committee on Health
Rep. Josh Green, M.D., Chair
Rep. John Mizuno, Vice-Chair**

**Date: February 6, 2008
Conference Room 329
8:00 am**

Re: HB 3157 Relating to Direct Payment to Providers

Chair Green and Members of the Committee:

My name is Ed Thompson and I am the Associate State Director for Advocacy for AARP Hawaii. We are a membership organization for people 50 and older with 156,000 members in Hawaii. AARP provides access to services and information, meaningful volunteer opportunities, and the opportunity for our members to create positive change in their lives.

AARP supports the intent of HB 3157.

The purpose of this bill is to further the public's interest in maintaining a financially sound healthcare system by requiring insurers, mutual benefit societies, and health maintenance organizations to pay healthcare providers directly regardless of the healthcare provider's participatory status with the insurer, mutual benefit society, or health maintenance organization.

If a healthcare provider is a non-participant, the healthcare payer may make payment to the individual that receives the services rather than the healthcare provider. This may result in unnecessary additional collection costs to the provider, additional losses, reduced services to the public, and possible additional cost for the individual receiving services.

Thank you for allowing me to testify on this bill.

mizuno1-Edgar

From: rmarvit@juno.com
Sent: Monday, February 04, 2008 7:54 AM
To: HLTtestimony HB 3157
Subject: DIRECT PAYMENT TO PROVIDERS

THIS IS A LETTER OF SUPPORT FOR THE BILL THAT PROVIDES DIRECT PAYMENT TO MEDICAL PROVIDERS. AS A PROVIDER WHO IS ABOUT TO STOP ALL CARE TO RECIPIENTS COVERED UNDER VARIOUS THIRD PARTY CARRIERS DUE TO LACK OF PAYMENT, DELAYS IN PAYMENT AND MOST IMPORTANTLY THE INCREDIBLE AMOUNT OF PAPER WORK TIME AND EFFORT PUT IN TO BILL.

THIS PUTS THE BURDEN ON THE PROVIDER CREATES A PROBLEM WITH THE PATIENT WHO IS CAUGHT IN THE MIDDLE.

AN UNIFORM METHOD OF MAKING SURE THE PROVIDERS AND PATIENTS ARE PROPERLY CARED FOR AND THE THIRD PARTIES LIVE UP TO THIER OBLIGATIONS WOULD GO A LONG WAY IN IMPROVING ACCESS TO CARE AS WELL AS QUALITY OF CARE ON A COST EFFECTIVE BASIS

ROBERT C. MARVIT, M.D.

May Mizuno

From: Linda Jenks [linda.jenks@gmail.com]
Sent: Monday, February 04, 2008 3:02 PM
To: HLTtestimony
Subject: HB 3157

February 4, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:

Linda Jenks, M.D.

98-1079 Moanalua Rd.
Aiea, HI 96701
808-371-2154

Re: HB3157 Relating to Direct Payment to Providers

(Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

The Hawaii Medical Association strongly supports HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

We support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.

- Benefits to consumers, including:

1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;

2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services

before services are rendered; and

3. Informed Consumers -- Patients will become much more aware of how much health services cost.

- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.
- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.

Linda Jenks, M.D.

mizuno1-Edgar

From: Alfred M. Arensdorf, M.D. [ARENSDORA001@hawaii.rr.com]
Sent: Monday, February 04, 2008 1:01 PM
To: HLTtestimony
Subject: HB3157

February 6, 2008

To:

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:

Alfred M. Arensdorf M.D.
33 Keonelo Street
Mailing address:
PO Box 3072
Wailuku, HI 96793
Tel: 808-244-6601
FAX: 808-244-6601
Cell: 808-264-7402
Email: ARENSDORA001@hawaii.rr.com

Re: HB3157 Relating to Direct Payment to Providers

As a Maui semi-retired practicing physician, I strongly support HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

I support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers, including:

1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not; this may especially benefit patients in isolated communities who have to commute to distant networks providers;

2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and

3. Informed Consumers -- Patients will become much more aware of how much health services cost.

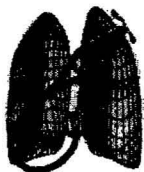
- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.

- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.

- Direct payment will encourage competitive services and charges.

- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.



MAUI CHEST MEDICINE

Maui's Sleep and Lung Medicine Program



ACCREDITED
MEMBER CENTER

February 6, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:

Melvin D. Burton, M.D.
Maui Chest Medicine
380 Huku Lii Place, Suite 204
Kihei, HI 96753
808-874-8774

Re: HB3157 Relating to Direct Payment to Providers

I strongly support HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

I support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians no choice but to contract with Hawaii's dominant health plan and accept contractual conditions with no leverage for negotiation.
- Benefits to consumers, including:
 1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;
 2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and



Certifications in Pulmonary Diseases, Sleep Medicine and Critical Care
Accredited Sleep Center of the American Academy of Sleep Medicine

Melvin D. Burton, MD, D, AABCC

380 Huku Lii Pl Suite 204
Kihei, Maui, HI 96753

Phone: 808-874-8774

Fax: 808-874-8947

Email: burton@mauichestmedicine.com

WWW.mauichestmedicine.com

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MAUI CHEST MEDICINE

Maui's Sleep and Lung Medicine Program



3. Informed Consumers -- Patients will become much more aware of how much health services cost.

- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.
- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.

Sincerely,

Melvin D. Burton, M.D.



Certifications in Pulmonary Diseases, Sleep Medicine and Critical Care
Accredited Sleep Center of the American Academy of Sleep Medicine

Melvin D. Burton, MD, D. ABSM

380 Huku Li'i Pl Suite 204
Kihei, Maui, HI 96753

Phone: 808-874-8774

Fax: 808-874-8947

Email: burton@mauichestmedicine.com

WWW.mauichestmedicine.com

000129

mizuno1-Edgar

From: The Land of OZ [ozland@maui.net]
Sent: Monday, February 04, 2008 7:07 PM
To: HLTtestimony
Subject: HB 3157

Dear Representatives Green and Mizuno,

I encourage you to support HB3157 which would allow physicians to receive direct payment from health insurers, health maintenance organizations and mutual benefit societies, rather than making the provider of medical services attempt to collect directly from the patient when the provider does not have a contract with the insurer. Many patients are frustrated in their lack of choice of providers due to physician-insurer contracts. Consumers of health care are often unaware of the costs of medical services and therefore less informed. It makes it difficult to choose a medical insurer when the costs are not transparent. Each health insurance company, their plan benefits and their participating provider network all are important components in making an educated choice in how to spend health care dollars--whether or not the individual or an employer pays the premium. Direct payment encourages competitive services and charges.

We all have to work together to provide excellent health care to the people of Hawaii. Direct payment will help keep physicians in Hawaii and assuring the people of Hawaii that there will be adequate medical services available. More and more physicians are leaving Hawaii. Please support HB3157 for the benefit of the patient and the physician.

Sincerely,
Frank R. Baum, M.D.
Pediatrician
200 Kalepa Place
Kahului, HI 96732

mizuno1-Edgar

From: The Land of OZ [ozland@maui.net]
Sent: Monday, February 04, 2008 7:12 PM
To: HLTtestimony
Subject: HB 3157

Dear Representatives Green and Mizuno,

I encourage you to support HB3157 which would allow physicians to receive direct payment from health insurers, health maintenance organizations and mutual benefit societies, rather than making the provider of medical services attempt to collect directly from the patient when the provider does not have a contract with the insurer.

Many patients are limited in their choice of providers due to physician-insurer contracts. Consumers of health care are often unaware of the true costs of medical services and therefore less informed. It makes it difficult to choose a medical insurer when the costs are not transparent.

Each health insurance company, their plan benefits and their participating provider network all are important components in making an educated choice in how to spend health care dollars--whether or not the individual or an employer pays the premium. Direct payment encourages competitive services and charges.

We all have to work together to provide excellent health care to the people of Hawaii. Direct payment will help keep physicians in Hawaii and assuring the people of Hawaii that there will be adequate medical services available. The Board of Medical Examiners will still be able to monitor physician performance as will the medical insurers be able to report suspicious activities by physicians. The quality of care will not change nor the level of scrutiny change.

More and more physicians are leaving Hawaii. Please support HB3157 for the benefit of the patient and the physician.

Sincerely,
Colleen F. Inouye, M.D.
OB/GYN
200 Kalepa Place
Kahului, HI 96732
808-871-7122

February 6, 2008

Representative Josh Green

Chair □ Representative John Mizuno, Vice Chair

House Health Committee □

Wednesday February 6, 2008 8:00 AM Hearing, Room 329

From: □

Daniel Smith, MD
7347 Makaa St
Honolulu, HI 96825
808-394-8760
SmithDC@hawaii.rr.com

Re: HB3157 Relating to Direct Payment to Providers

As an emergency physician practicing at Queens Medical Center. I strongly support HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce. Obtaining specialty care for emergency patients has become a critical issue, and poor and delayed reimbursement represent significant portions of this problem. I support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers, including:

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1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;

2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and

3. Informed Consumers -- Patients will become much more aware of how much health services cost.

- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.

- Direct payment will encourage competitive services and charges.

- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.

Daniel C. Smith, MD, FACEP

mizuno1-Edgar

From: Kevin Kern [kbkern@noblesky.net]
Sent: Monday, February 04, 2008 8:06 PM
To: HLTtestimony
Subject: support of HB3157 Relating to Direct Payment to Providers

Legislature's Public Access Room:

As a physician in Maui since 2001, I have witnessed the ongoing war between physicians and insurance carriers and clearly by our current medical crisis in the state of Hawaii, the insurance carrier's, ie HMSA, are clearly the winner....but the public ultimately remains the loser.

The insurance carrier's use the tactic of paying directly to the patients as way of strong arming physicians to participate with insurance carrier's such as HMSA, who continue to raise premiums, decrease reimbursements, and provide less services. Our outer islands are especially hard hit with specialists and even primary care physicians become harder and harder to find and in some parts of the islands, completely missing.

Support of HB3157 is a small step in helping empower physicians against the overwhelming powers that be, that ultimately have not done anything to improve access to medical care on these islands as physicians continue to leave the islands.

thank you,

Kevin Kern, MD
MD-11418

February 6, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:

Kawika A. Mortensen, MS-2
444 N. Kalaheo Ave.
Kailua, HI 96734
(808)781-4036

Re: HB3157 Relating to Direct Payment to Providers

I am currently a second year medical student at the John A. Burns School of Medicine and I strongly support HB3157 for the following reasons:

The Hawaii Medical Association strongly supports HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

We support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers, including:
 1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;
 2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and
 3. Informed Consumers -- Patients will become much more aware of how much health services cost.

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- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.
- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Please know that this bill is essential to creating a supportive healthcare environment here in Hawaii. Passing this bill would allow future doctors like myself the reassurance of knowing that practicing here at home is even a reality.

Thank you for the opportunity to provide this testimony.

mizuno1-Edgar

From: millicent khaw [khawm001@gmail.com]
Sent: Monday, February 04, 2008 6:30 PM
To: HLTtestimony
Subject: Fwd: HB3157 Relating to Direct Payment to Providers

----- Forwarded message -----

From: **millicent khaw** <khawm001@gmail.com>
Date: Feb 4, 2008 6:25 PM
Subject: HB3157 Relating to Direct Payment to Providers
To: lttestimony@capitol.hawaii.gov

February 6, 2008

*Representative Josh Green, Chair
Representative John Mizuno, Vice Chair*

*House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329*

From:

Millicent Khaw, M.D.

1329 Lusitana St. Suite 604

Honolulu, HI 96813

Re: HB3157 Relating to Direct Payment to Providers

(Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

2/5/2008

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In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce. As noted from the outer islands and recent testimonials from patients, it is more difficult to see physicians--orthopedists, internal medicines, etc.

I support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.

- Benefits to consumers, including:

1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;

2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and

3. Informed Consumers -- Patients will become much more aware of how much health services cost.

- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.

- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.

- Direct payment will encourage competitive services and charges.

- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you.

Millicent Khaw, M.D.

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2/5/2008

February 5, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair
House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:
Kris Tabisola
2101 Nuuanu Ave., #2703
Honolulu, HI 96817
Phone: 808.222.5883

Re: HB3157 Relating to Direct Payment to Providers

As a voting citizen and a patient of some of the most caring physicians in Hawaii, I strongly support HB3157. I believe in the concept of this bill that allows medical service providers to receive payment *directly* from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.

Additionally, as a patient, I am deeply concerned about the viability of our medical doctors' ability to continue their practice in Hawaii. On November 13, 2006, I underwent surgery. I was appalled in reviewing my insurance's payment to these fine doctors. These doctors were paid very minimal compared to the amount of time and care provided to me.

I wonder, with our high cost of living, how these physicians continue to do what they do and in the caring manner that they do it? I am a real estate broker and am aware of these physicians high overhead such as lease rents, property taxes. As a sole proprietor, I am aware of their other costs of doing business such as staff salaries, health insurance, business insurance, malpractice insurance, supplies and other far too numerous expenses to list here.

I am baffled that certain health insurance companies send payments directly to a patient who has already received the goods (e.g. medical services, supplies vaccinations etc). We do not go to our grocery store or department store and say, "I'll pay you later." Why do we expect it from our physicians? Why are we surprised that good physicians are leaving our islands?

In addition, I am concerned about Hawaii's difficulty to recruit and retain an adequate physician workforce. I ask that you and your colleagues do what is within your power to help our community keep our good doctors and work to bring other good doctors to Hawaii. The health of our community needs them.

Thank you for the opportunity to provide this testimony.

Sincerely,



Kris Tabisola,
A lucky, appreciative patient

000140

February 5, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:

Vanessa H. Fidele, MD
98-211 Pali Momi Street, Suite 618
Aiea, HI 96701-4337
Phone: 808.486.7799

Re: HB3157 Relating to Direct Payment to Providers

As a voting citizen and practicing physician in the State of Hawaii, I strongly support HB3157 and applaud the efforts of those who recognize the difficulties afflicting medical service providers AND patients in these turbulent times.

This important bill allows medical service providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

HB3157 Direct Payment to Providers is important for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice: Incur additional time and expenses for the collection of fees for services, supplies or vaccinations already provided or contract with Hawaii's dominant health plan and accept contractual conditions with very little leverage for negotiation.

- Benefits to consumers, including:

1. Increased consumer choice - Patients will have the ability to choose their physicians whether they have a contract with the insurer or not;

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February 5, 2008
HB3157 Relating to Direct Payment to Providers
Page 2 of 2

2. Transparent Pricing – Physicians will need to provide patients with the prices for their services before services are rendered; and

3. Informed Consumers – Patients will become much more aware of how much health services cost.

- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Direct payment encourages competitive services and charges.

Furthermore, direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

I humbly thank you for the opportunity to provide this testimony.

Sincerely,



Vanessa H. Fidele, MD, FAAP
Associate Clinical Professor
John A. Burns School of Medicine

mizuno1-Edgar

From: DR. MANUEL ABUNDO [manuelabundo@hawaii.rr.com]
Sent: Monday, February 04, 2008 8:06 PM
To: hltestimony@capitol.hawaii.gov
Subject: FW: HB 3157 RELATING TO DIRECT PAYMENT TO PROVIDERS

 From: "DR. MANUEL ABUNDO" <manuelabundo@hawaii.rr.com>
 To: hltestimony@capitol.hawaii.gov
 Subject: HB 3157 RELATING TO DIRECT PAYMENT TO PROVIDERS
 Date: Mon, Feb 4, 2008, 7:54 PM

TO: Representative JOSH GREEN, Chair
 Representaive JOHN MIZUNO, Vice Chair
 HOUSE HEALTH COMMITTEE

Wednesday, February 6, 2008. 8:00 AM Hearing, Room 329

FROM: DR. MANUEL A. ABUNDO, MD

MEDICAL ARTS CLINIC, INC
 302 California Avenue, Suite 302
 Wahiawa, HI. 96789

SUBJECT: HB 3157 RELATING TO DIRECT PAYMENT TO PROVIDERS
 (Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

The Hawaii Medical Association strongly support HB3157, which wil allow medical service providers, including physicians, to receive payments directly from health insurers. health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer. We support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaiis dominant health plan and accept contractual conditions with little leverage for negotiation.
- Benefits to consumers, including:

1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;
2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and
3. Informed Consumers -- Patients will become much more aware of how much health services cost.

- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.
- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.
- Direct payment will encourage competitive services and charges.
- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.

DR. MANUEL A ABUNDO, FACS
MEDICAL ARTS CLINIC, INC
302 California Avenue,
Wahiawa, HI. 96786
(808) 622-1618

May Mizuno

From: Curt Carson [curtcarson@gmail.com]
Sent: Tuesday, February 05, 2008 3:00 PM
To: HLTtestimony
Subject: Fwd: HB3175 -Direct payment to physicians -personal note

3157

February 6, 2008

Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329

From:

Curtis G Carson, MD
419 Atkinson Dr #1206
Honolulu, HI 96814
(808) 943-9351

Dear sirs,

The HMA form letter follows this personal note. I feel very strongly about this issue, as I KNOW that HMSA and other insurance companies intentionally avoid sending payment to physicians to make it more difficult for us to do business when we choose not to participate with their insurance plans. HMSA in particular uses every tool available to them to pressure doctors into accepting their unreasonably low reimbursement. As you know, they have a virtual monopoly on the medical insurance on this island, and their draconian reimbursement policies are DIRECTLY responsible for physicians leaving this state.

For example, I work with the anesthesiology group TAMGI. I spent six months recruiting an excellent, Massachusetts General Hospital trained, board certified anesthesiologist named Samuel Smith. Dr Smith practiced in Hawaii for only 5 months before realizing that he was working more than he was in his previous practice and making LESS THAN HALF OF HIS PREVIOUS SALARY. He left Oahu on June 7, 2007 to return to his previous practice in Utah. I have been unable to recruit a replacement for him, and the only doctors who are seriously interested in coming to the island do not have nearly the credentials he has. By not passing this bill, you will be personally responsible for the continuing decline in the availability and quality of health care in this state. Thank you for your consideration.

Sincerely,

Curt Carson, MD
Vice President, The Anesthesiology Medical Group, Inc

2/5/2008

000145

(TAMGI)

Re: HB3157 Relating to Direct Payment to Providers

(Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

The Hawaii Medical Association strongly supports HB3157, which will allow medical services providers, including physicians, to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the providers do not have a contract with the insurer.

In combination, Hawaii's high medical malpractice insurance premiums, high cost of living, and low physician reimbursements have made it difficult to recruit and retain an adequate physician workforce.

We support direct payment legislation for the following reasons:

- Currently, health care insurers make payments to network providers only. This gives physicians little choice but to contract with Hawaii's dominant health plan and accept contractual conditions with little leverage for negotiation.

- Benefits to consumers, including:

1. Increased consumer choice - Patients will have the ability to choose physicians whether they have a contract with the insurer or not;

2. Transparent Pricing -- Physicians will need to provide patients with the prices for their services before services are rendered; and

3. Informed Consumers -- Patients will become much more aware of how much health services cost.

- The incentive to physicians to remain in-network will continue because participating physicians have the competitive advantage of marketing provided by the health plan.

- Health plans will continue to have the ability to review physician claims and they will continue to have the ability to reject requests for reimbursement. Like now, the insurer will have the ability to report suspicious activity to appropriate authorities.

- Direct payment will encourage competitive services and charges.

- Direct payment will not disrupt the Hawaii State Board of Medical Examiners authority to penalize doctors for licensure violations and the Regulated Industries Complaint Office investigation of patient complaints.

Thank you for the opportunity to provide this testimony.

000146

2/5/2008

May Mizuno

From: Vince K. Yamashiroya [yamashirv002@hawaiiintel.net]
Sent: Tuesday, February 05, 2008 2:54 PM
To: HLTtestimony
Subject: HB3157 Relating to Direct Payment to Providers

February 6, 2008

*Representative Josh Green, Chair
Representative John Mizuno, Vice Chair*

*House Health Committee
Wednesday February 6, 2008 8:00 am Hearing, Room 329*

From:

*Dr. Vince Yamashiroya
1010 South King Street Suite 105
Honolulu, HI 96814
(808) 596-2030*

Re: HB3157 Relating to Direct Payment to Providers

(Allows medical services providers to receive payment directly from health insurers, health maintenance organizations, and mutual benefit societies, rather than attempting to collect from the patient when the provider does not have a contract with the insurer.)

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Thank you for the opportunity to provide this testimony.

Vince Yamashiroya, M.D., FAAP

General Pediatrics in Private Practice and Clinical Associate Professor of Pediatrics at the University of Hawaii

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1010 South King Street, Suite 105
Honolulu, Hawaii 96814

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