

The Twenty-Third Legislature
Regular Session of 2008

HOUSE OF REPRESENTATIVES

Committee on Health

Rep. Josh Green, M.D., Chair

Rep. John Mizuno, Vice Chair

Committee on Human Services & Housing

Rep. Maile S.L. Shimabukuro, Chair

Rep. Karl Rhoads, Vice Chair

State Capitol, Conference Room 329
Wednesday, February 6, 2008; 8:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 3157
RELATING TO DIRECT PAYMENT TO PROVIDERS**

The ILWU Local 142 opposes H.B. 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.

Currently, if a provider wants payment directly from the insurer, the provider must enter into an agreement to become "participating." If the provider is dissatisfied with the reimbursement rate offered by the insurer, the provider can become "non-participating," thus not subject to any prohibition to limit fees to what the insurer deems to be the "eligible charge." However, payments to non-participating providers must be paid to the patient, who then is expected to pay the provider the amount the insurer has paid plus any additional fees charged by the non-par provider.

This seems a fair way to operate. If the provider wants direct payment, they become participating. If they want to charge more than the eligible charge, the provider is non-participating. Yet if H.B. 3157 is made law, the provider will have the best of all worlds. The insurer will pay the provider directly the same amount that would have been paid to a participating provider, but the provider can then charge the patient anything he wants over and above the eligible charge. There would be no advantage for a provider to become participating, and if all providers were to become non-participating, health care fees would likely skyrocket.

While this may sound like we are advocating for the insurer, we are, in fact, advocating for the patient and all employers who must deal with the cost of health insurance. If this bill is allowed to pass, insurance rates would be even more unpredictable than they are today. We might very well see more employers cutting employee hours to avoid Prepaid Health requirements. If that happens, Hawaii's uninsured population would markedly increase, health care costs would rise to accommodate the cost of providing care to the uninsured, and we'd probably have a lot of unhealthy people.

The ILWU urges that H.B. 3157 be shelved. Thank you for the opportunity to share our views.

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