

SB2058

Measure Title:
RELATING TO INSURANCE.

Report Title:
Insurance; Dental; Payment

Description:
Permits insured patients to assign insurance reimbursement for dental services directly to their dentist of choice.

Introducer(s):
TANIGUCHI

Current Referral:
HTH, CPH

HDS

Hawaii Dental Service

February 7, 2008

The Honorable David Y. Ige, Chair
Hawaii State Senate
Committee on Health

Dear Senator Ige:

Hawaii Dental Service (HDS), a Hawaii non-profit dental service corporation, is opposed to S.B. No. 2058 relating to assignment of benefits.

Prohibiting the assignment of benefits to an out-of-network dentist is an important cost containing measure which benefits patients.

Today, HDS pays participating dentists (and only participating dentists) directly when they provide dental care to our members. Participating dentists accept our negotiated fee as payment in full; non-participating dentists charge whatever they want. 95% of the Hawaii's licensed practicing dentists participate with HDS.

Sometimes assignment of benefits is characterized as an issue of access to care. This is a smokescreen. HDS dental plans allow patients to see any dentist of their choice and to receive any treatment considered appropriate by the dentist and the patient.

We pay approximately \$144 million dollars a year to HDS participating dentists. In exchange for accepting reduced fees for their HDS patients, we pay participating dentists directly. This is an integral aspect of our contractual relationship with our group accounts and the 590,000 employees and family members they represent. Our commitment to participating dentists has led us to process claims promptly and over 99% of all claims are processed in fewer than 15 days. We mail checks once a week and the dentist is assured of a steady cash flow and no collection problems for his/her HDS patients. When an HDS member sees a non-participating dentist, we pay the member.

Participating dentists also agree to comply with cost containment, credentialing, quality assurance and patient protection measures. All of these save the consumer money. Most importantly, participating dentists agree to provide dental care to HDS members at HDS's reduced fee. Consumers rely on HDS to protect them from fraud and to ensure quality care because dentists, unlike medical doctors, are not credentialed and monitored for fraud and abuse by hospitals or clinic practices. This bill would require HDS to pay the non-participating dentist directly, granting him/her all of the benefits of not having to collect from patients, with none of the commitments to quality care and reasonable fees for HDS members.

Mandating HDS to send checks to non-participating dentists is a bad idea. It will:

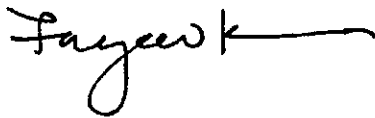
- Make Hawaii consumers and employers pay more for dentistry and dental coverage.
- Encourage dentists to drop out of our network in anticipation of getting paid the HDS fee plus charging the patient whatever the dentist wishes to charge.
- Frustrate the cost containment, quality control and fraud detection measures HDS has implemented to benefit consumers.
- Force us to pay dentists we have dropped from our network for fraudulent billing practices or quality of care problems.
- Eliminate a major obstacle to dental insurance fraud. As part of our contract with a participating dentist we have the right to audit to assure that no overbilling or upcoding is occurring and to verify that the treatment we paid for was actually provided. We would not have this right to audit non-participating dentists.

It is inappropriate for the legislature to mandate how and to whom an insurer should direct payment. It interferes with our contractual relationship with our employer groups and our participating providers.

Courts have consistently ruled that federal law, particularly ERISA, does not require any employee health benefit plan to permit the covered individual to assign his benefits to a provider. Prohibiting the assignment of benefits to an out-of-network provider is an important cost containment measure which benefits employer groups and patients.

We strongly urge you not to support this anti-consumer bill.

Sincerely,



Faye W. Kurren
President and CEO

HMSA

L A T E



An Independent Licensee of the Blue Cross and Blue Shield Association

February 8, 2008

The Honorable David Ige, Chair
The Honorable Carol Fukunaga, Vice Chair

Senate Committee on Health

Re: SB 2058 – Relating to Insurance

Dear Chair Ige, Vice Chair Fukunaga and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2058 which would require a health plan to pay uncontracted dentists directly.

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. SB 2058 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 dentists. These contracts are in place to provide members and employers with financial and quality assurances. SB 2058 would remove a very important incentive that dentists 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, dentists 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 dentists' incentive to maintain contracts with health plans. Without contracts, dentists will not be prohibited from charging the patient more than HMSA's eligible charge. 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

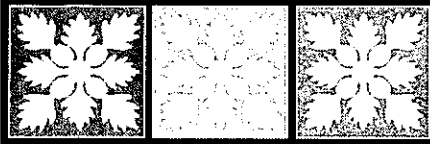
Health plans play a critical role in establishing clear criteria to ensuring high quality health care for all members. Our provider networks give members the assurance that the providers who care for them are credentialed and meet rigorous educational and quality standards. If dentists do not contract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

Thank you for the opportunity to testify against SB 2058.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD', written in a cursive style.

Jennifer Diesman
Director, Government Relations



Hawaii Association of Health Plans

February 8, 2008

L A T E

The Honorable David Ige, Chair
The Honorable Carol Fukunaga, Vice Chair

Senate Committee on Health

Re: SB 2058 – Relating to Insurance

Dear Chair Ige, Vice Chair Fukunaga 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 SB 2058, which would require health plans provide payment directly to dentists that have not entered into a contractual agreement to participate with the plan. We believe that the language in SB 2058 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. SB 2058 would remove a very important incentive that dentists 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 dentist’s incentive to maintain their contract with a health plan. Without contracts, dentists

- AlohaCare • HMAA • HMSA • HWMG • MDX Hawaii • UHA • UnitedHealthcare •
- HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813
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will not be prohibited from charging the patient more than the Plan's eligible charge – and they 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 choose to see the same dentist 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", written in a cursive style.

Rick Jackson
President