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HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 24, 2009

The Honorable Ryan Yamane, Chair
The Honorable Scott Nishimoto, Vice Chair
House Committee on Health

Re: SB 940 SD1 – Relating to Insurance

Dear Chair Yamane, Vice Chair Nishimoto and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in opposition to SB 940 SD1.

In June 2008, the Department of Health (DOH) canceled contracts it had with all the health plans in the state for the provision of ambulance services. Health plans, such as HMSA, had negotiated their own rates for years but DOH determined that since these contracted rates varied between plans that they would no longer contract with anyone to provide these services. The result of this action was to increase the cost of transporting HMSA's members to both the plan and the member.

Once DOH made the business decision to become a non-participating provider with HMSA, they no longer were entitled to the benefits that being a contracted provider brings. This includes how payment is made to DOH once a claim for ambulance services has been received. 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. With DOH's decision to become non-participating with HMSA, just as any other non-participating provider, HMSA no longer pays them directly.

We would also note that although HMSA is not directly reimbursing DOH for the claims submitted on behalf of our members, the decision was made to continue to provide reimbursement to DOH at the participating provider eligible charge rate. This decision was made in an effort to protect our members from having to pay increased out-of-pocket expenses. This is being done since as a non-participating provider DOH would only be entitled to the lesser non-participating eligible charge and would then bill our members for the balance. By providing the participating eligible charge as payment, our members are experiencing less out-of-pocket expense.

Additionally, we do not believe that the legislative process should be used for this purpose since choosing to terminate all contracts with the health plans in the state was a business decision made by DOH.

For the reasons mentioned above, we would respectfully urge the Committees to hold SB 940 SD1. Thank you for the opportunity to provide testimony today.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD', with a long horizontal stroke extending to the right.

Jennifer Diesman
Assistant Vice President
Government Relations