

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

REP. ANGUS L.K. MCKELVEY, CHAIR  
REP. DEREK S.K. KAWAKAMI, VICE CHAIR



Jeffrey D. Stern, Ph.D.  
Licensed Clinical Psychologist  
1833 Kalakaua Ave. Suite 503  
Honolulu, HI 96815

Wednesday, April 17, 2013

RE: **SCR 129 SD1** - Requesting the Insurance Commissioner to Create a Working Group to Study Insurance Recoupment

Honorable Chair McKelvey, Vice Chair Kawakami, and members of the committee, my name is Dr. Jeffrey Stern and I am a psychologist who in the private sector in Honolulu. In regards to SCR 129 SD1, I would like to testify **IN STRONG SUPPORT** of the resolution.

"Recoupments" are funds that health plans have paid to providers but later seek reimbursement for, after the plan determines, for whatever reason, that it paid out in error. There's no precise information about how often insurance companies are demanding recoupment or for how much, but it is happening more often, and to the full range of health care providers. Across the country as the recoupment demands are increasing, professionals are choosing to close their practices rather than deal with recoupment and the administrative headaches it creates. I HAVE PERSONALLY CHOSEN TO STOP PROVIDING SERVICES FOR ONE INSURANCE COMPANY OUT OF DISGUST FOLLOWING A RECOUPMENT CASE WITH THAT COMPANY.

In Hawaii, it is widely recognized that we have a shortage of health practitioners in many fields. And while practitioners generally have one year to adjust their billing to insurance companies; the insurance companies have no similar restriction preventing them from reaching far back into history to recoup funds they previously paid to health care providers for their services. This is an ongoing, open-ended liability for health care professionals and undermines the ability to build upon and plan a viable and economically feasible practice. In addition, anecdotal evidence suggests that there are situations where providers, contesting recoupment, are not provided with due process, as afforded in the insurance companies own policy documents.

Thus far, more than half of the country has legislation limiting the time that an entity can take money back for the services that have already been provided. According to a recent data search, the following states have statute of limitations for medical recoupment: Alabama, Arkansas; Arizona; California; Colorado; Connecticut; District of Columbia; Florida; Georgia; Illinois; Indiana; Iowa; Kentucky; Maine; Maryland; Massachusetts; Missouri; Montana; New Hampshire; New Jersey; New York; North Carolina; Ohio; Oklahoma; South Carolina; Texas; Utah; Vermont; Virginia; Washington; and West Virginia ranging from 6-months to 30-months, with the average range of time allowed for take-backs being somewhere between 12 and 24 months. I urge you to pass this resolution and send a message of support for providers to insurance companies engaging in this practice.

Thank you for the opportunity to share my mana'o.

Jeffrey D. Stern, Ph.D.