



LEAH VUKMIR

STATE SENATOR

Senate Committee on Health Public Hearing, May 20, 2015 Senate Bill 138

Vice-Chairman Moulton and committee members, thank you again for taking the time to meet today. I am very pleased to join Representative Czaja in presenting Senate Bill 138 which seeks to provide crucial transparency for consumers on the state insurance exchange.

The intent of this legislation is to provide better information for consumers so they can make the best choice possible when signing up for coverage on Healthcare.Gov. The range of needs among Wisconsin consumers is immense and consumers deserve to understand the details of their plans when it comes to things like the cost of prescription drugs or the inclusion of specialists in a plans network.

This legislation is important for all Wisconsinites that wish to be informed consumers in the health care marketplaces, but this information is absolutely critical to some of Wisconsin's most vulnerable consumers who count on lifesaving drugs whose costs can become enormous if they choose the wrong plan. I am thankful to not face this situation personally, but if I did I would certainly expect that I would be able to make a fully informed decision where I would be able to directly compare the possible costs between different plans on the state insurance exchange.

Simply put, given variables that must be navigated by consumers and the high stakes of these decisions we owe it to our constituents to ensure that if they must navigate the complexities of Healthcare.Gov that they at least have the opportunity to ultimately make apples to apples comparisons of the costs of different aspects of plans.

In the interest of time, I will end my testimony there, knowing that Representative Czaja as well as many of those who would benefit from this transparency in the marketplace will add compelling testimony for this committee to consider.



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Assembly Bill 197/Senate Bill 138 – Healthcare Transparency Senate Committee on Health May 20th, 2015

Thank you, Chairman Vukmir and members of the Health Committee for holding a public hearing on Assembly Bill 197/Senate Bill 138 today. Qualified Health Plans can be extremely varied in terms of benefits, cost-sharing, and provider networks.

Individuals who are required to purchase a qualified health plan through the Affordable Care Act, should be given all information necessary to ensure the most cost-effective and appropriate service plan is selected. A patient should also have the knowledge, before purchasing a plan, if their medicines are covered under that plan. If not, a patient should know how much of the cost of a covered drug they will be required to bear.

Under AB 197, patients would have access to this essential information prior to purchasing a plan. This will hopefully ensure that the appropriate plan is selected for each individual and that these individuals are able to make an educated decision.

This bill has the support of the Alzheimer's and Dementia Alliance of Wisconsin, American Diabetes Association- WI, American Liver Foundation, Upper Midwest Division, Arthritis Foundation Upper Midwest Region, Endometriosis Association, Epilepsy Foundation Heart of Wisconsin, Great Lakes Hemophilia Foundation, Leukemia & Lymphoma Society, Midwest, Lupus Foundation of America, WI Chapter, National Kidney Foundation of Wisconsin, National Multiple Sclerosis Society-- Wisconsin Chapter, National Patient Advocate Foundation, Prevent Blindness Wisconsin, Southeastern Wisconsin Oncology Nurses Society, Susan G. Komen Southeast Wisconsin, Wisconsin Academy of Family Physicians, Wisconsin Association of Osteopathic Physicians And Surgeons, Wisconsin Rheumatology Association.

Wisconsin Association of Health Plans

The Voice of Wisconsin's Community-Based Health Plans

Chairperson Vukmir, Members of the Committee— Thank you for the opportunity to testify today on SB 138. My name is Tim Lundquist, and I am the Director of Government and Public Affairs for the Wisconsin Association of Health Plans. The Wisconsin Association of Health Plans represents 12 community-based health plans located across Wisconsin. Our members are state and national leaders in quality and in enrollee satisfaction; member health plans do business in every county of the state. These community-based health plans provide access to quality care for more than 1.1 million Wisconsin residents and also represent the majority of health plans that enabled entitlement reform here in Wisconsin by offering Qualified Health Plans on the Federal Exchange.

SB 138 would place new state regulations on health plans that serve individuals on the federal exchange, regulations the Wisconsin Association of Health Plans oppose as redundant.

First, these requirements would come on top of existing federal rules that dictate the manner and format in which insurers provide information to consumers. These federal regulations, born in the Affordable Care Act, are updated regularly and go so far as to provide a template that insurers must follow. These rules are crafted with heavy input from stakeholders, and new administrative rules that would add additional content and clarity requirements are expected to be released sometime this summer. Our members have also indicated that a vast majority, if not all of the information sought in SB 138 is provided by plans as they comply with federal law. Adding state regulations on top of these federal requirements would seem unnecessary.

Second, the standard this bill would create—that insurers provide information in a “clear and understandable form, such that consumers are able to determine all of the following” is vague and undefined. Association health plans support transparency, and certainly want consumers to be able to make informed decisions, but this requirement that information be provided in a “clear and understandable form” is largely foreign to Wisconsin law. It is not a term of art commonly used, and by my search, is only used once—in a directive to the Department of Children and Families that requires that agency prepare grant application materials in a “clear and understandable form.” I would argue that it is one thing for the legislature to tell an agency to have easy to understand materials; it is another to regulate industry with such a standard. Our members are concerned about how this provision could be enforced.

Finally, in addition to these compliance concerns, I would offer that there is a better way for consumers to find the information they need to make informed choices—and that is to call their local community-based health plan. Our members have found that when consumers have specific questions about their health needs, and how a health plan may or may not work for them, the best way for that individual to get a reliable answer is to call the customer service staff at their local plan. There is a limit to how much paper consumers will process and review, even when those documents have been presented to them in a “clear and understandable” format. Our members have found that most consumers prefer to talk to a live person rather than sort through a myriad of plan documents to get answers to their specific questions.

Chairperson Vukmir, Members of the Committee. Thank you again for the opportunity to testify on SB 138. I look forward to answering any questions you may have.



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TO: Senator Leah Vukmir, Chairperson and Members of the Senate Committee on Health and Human Services
FROM: Gina Dennik-Champion, MSN, RN, MSHA
Executive Director, Wisconsin Nurses Association
DATE: May 20, 2015
RE: WNA Support of SB 138

Thank you Chairperson Vukmir and Members of the Senate Committee on Health and Human Services for scheduling this public hearing on SB 138 which requires health insurers to provide information about their products to consumers using the American health benefit exchange.

My name is Gina Dennik-Champion. I am a registered nurse (RN) and the Executive Director of the Wisconsin Nurses Association (WNA). WNA is the professional association for registered nurses with membership available to any RN. In 2010, the WNA membership passed a position statement, *Addressing Health Literacy through Patient Literacy*, which referred to WNA's 2009 document, *The Wisconsin Nursing Community Agenda for Healthcare Reform*. Our healthcare reform document emphasized health literacy because it improves health outcomes. It also stated that healthcare providers need to:

- *“Provide individuals with information and support to better negotiate complex health care systems and use knowledge to effectively enhance their health,*
- *Deliver services that are culturally sensitive and appropriate,*
- *Disseminate reliable and user-friendly information that is transparent about quality and cost,*
- *Assure health care providers have the tools, skills and systems that support consumer health literacy, and*
- *Empower individuals to make health choices.”*

For WNA, these expectations we have for ourselves as health care providers should be applied to the health insurance industry.

What is health insurance literacy? According to a 2012 report by Lynn Quincy of the Consumers Union, University of Maryland College Park and the American Institutes for Research, Washington, D.C., “Health insurance literacy has been defined as “the degree to which



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individuals have the knowledge, ability, and confidence to find and evaluate information about health plans, select the best plan for their own—or their families—financial and health circumstances, and use the plan once enrolled.”

Health insurance is among the most complicated and costly products that consumers buy. Lacking health insurance related knowledge and skills—or health insurance literacy—puts people at risk of choosing an insurance product that may be too costly or may fail to provide needed benefits. Getting past industry jargon and understanding the intricacies of health insurance is no simple matter and little is known about what consumers actually understand. Yet it is critical to communicate insurance concepts and benefit language in a way consumers can apply to their own situations.

WNA supports and appreciates the major efforts made in the development of the online marketplace. According to Issue Brief from the American Institute for Research, 2014, the Affordable Care Act took steps to reduce the complexity of shopping for health insurance, including requiring plans to use plain language to describe benefits and coverage—known as the uniform summary of benefits and coverage (SBC). The law also provided funding for “navigators” to assist consumers when applying for coverage and choosing a health plan in the marketplaces.

However, we are aware that knowledge gaps remain for the consumer. WNA views SB 138 as an important step in increasing consumer knowledge and providing greater ease in accessing and processing information. Greater transparency supports better decision-making which contributes to improved health and financial outcomes.

Thank you Senator Vukmir for sponsoring SB 138. We ask that the members of the Committee support the passage of this legislation.

Quincy, Lynn, Measuring Health Insurance Literacy: A Call to Action, Consumers Union, University of Maryland College Park and the American Institutes for Research, Washington, D.C. (February 2012); and American Institutes for Research, Developing a Measure of Health Insurance Literacy: Understanding Consumers’ Ability to Choose and Use Insurance, Washington, D.C. (Feb. 19, 2013).



May 20, 2015

To: Members of the Senate Committee on Health & Human Services

**From: Kyle O'Brien, Senior Vice President Government Relations
Joanne Alig, Senior Vice President Policy & Research**

Re: WHA Testimony in Support of Senate Bill 138

Wisconsin's health care providers are truly ahead of the curve when it comes to health care transparency. Wisconsin's hospitals and health systems have voluntarily provided information about cost and quality of care since 2006, and are committed to continuously improving this information to make it even more accessible and relevant.

Our patients are our partners, and health care is better when patients are informed and consumers are engaged. The WHA Information Center website, www.WiPricePoint.org, posts prices for every Wisconsin hospital and hospital-based surgery center for inpatient services, outpatient surgical and diagnostic services, emergency and urgent care services, and other non-surgical services provided on an outpatient basis (such as radiological procedures). WHA publishes quality-related information on www.WiCheckPoint.org.

But more needs to be done. Too often consumers arrive at the hospital or in a provider's office without an understanding of their coverage or the potential cost of the care they are seeking, both of which are based on the health plan in which they are enrolled. Hospitals do their best to provide information to consumers, but with the plethora of health plans available, and the detailed information that only the insurer has, it is impossible for the hospital to fill the need entirely.

The healthcare financial management association (HFMA) is a highly respected national membership organization which addresses a wide range of issues related to health care finance, and has over 40,000 members nationwide. An HFMA Task Force recognized the need for greater transparency for consumers and produced a report titled, *Price Transparency in Healthcare*. Among several recommendations, HFMA suggests that, "Because health plans will, in most instances, have the most accurate data on prices for their members, they should serve as the principal source of price information for their members." The report indicates that essential price information includes the total estimated price of the service, the provider's network status (whether in-network or out-of-network), the patient's estimated out-of-pocket responsibility, along with other available provider- and service-specific information.

HFMA's recommendations are noteworthy. It is the insurer that has information about the consumer's particular plan, what services are covered and what the restrictions are. The patient's cost-sharing requirement for a service is often dependent on whether the patient has met his or her deductible, and only the insurer can know whether the patient has sought care from multiple providers, whether the

patient has met their deductible and what the true cost sharing requirement for any particular service is for the patient.

Similarly, the insurer contracts with their network of providers. For various reasons, insurers do not always contract with or credential all of the providers working in the hospital. Hospitals may contract with specialists or allow admitting privileges to practitioners who are not employed by the hospital directly. Thus, hospitals cannot always know if the specialist working in their hospital is affiliated with a particular insurer or plan.

Ultimately, the contractual agreement to pay for services received from a provider on behalf of a patient comes from an insurer. A provider is not in the position to guarantee that payment will be made by an insurer. This is the insurer's responsibility in the relationship between providers, patients and payers.

We know insurers are working to get information into the hands of consumers, and we encourage these efforts. The ability for patients to obtain access to accurate and timely information about their coverage is fundamental to the principle of consumerism.

This is why we support Senate Bill 138. As patients assume greater financial responsibility for their health care needs, meaningful and transparent information about price, quality and access will assist them in choosing the care that is best for themselves and their families.

All health care industry stakeholders—hospitals, insurers, physicians and employers— must work together to provide consumers cost and quality information, as well as information that helps them access care providers, so they can make sound health care decisions.



TO: Chair Leah Vukmir
Members of the Senate Health and Human Services Committee
From: Sara Sahli, American Cancer Society Cancer Action Network
Date: May 20, 2015
RE: Senate Bill 138

Thank you for the opportunity to provide this written testimony regarding Senate Bill 138. Although the American Cancer Society Cancer Action Network supports efforts to require health insurers to provide more transparency in their plan benefit materials, **we urge you to strengthen the disclosure requirements related to prescription drug formularies.**

Wisconsinites living with serious conditions like cancer need to be sure that the health insurance plan they choose covers the medicine they need. Currently, cancer patients looking for health care coverage often have no easy way to determine which of their treatment drugs are covered. Full formulary information is not always available on all insurance carrier websites. Often formularies are not exhaustive of all covered drugs, in particular, formularies are much less likely to list drugs typically administered in a provider's office and covered under a plan's medical benefit.

Even if a patient is able to find their drug on a plan's formulary cost sharing for specific drugs varies widely and patients have no way to compare out of pocket costs across available plans. Adding to this difficulty, quite often cancer drugs are placed on the specialty drug formulary tier and assigned a coinsurance. Patient cost for these drugs are often a percentage of the total cost of the drug as opposed to a flat dollar amount. Not knowing the total cost of the drug makes it very difficult for the patient to know how much they will have to pay out of pocket.

Given that there is no way for a patient to know how much they will have to pay for a drug that is assigned a coinsurance or percentage of the total cost of the drug, **we urge you to amend this bill to clarify that an enrollee's cost-sharing amount must be expressed in a dollar amount for any drug that is subject to coinsurance.** (632.799(2)(a)2) This change will help a patient better understand what a percentage translates to in terms of their family budget and bottom line affordability each month.

It is critically important for cancer patients to be able to access clear, consistent, and comparable information on prescription drug coverage and cost-sharing, including coverage of physician-administered drugs, in order to choose a health plan. Though the bill requires prescription drug information to be made available on an insurer's web site, we urge you to strengthen this language to ensure the information is **easily accessible, comparable, and searchable** by both enrollees and potential enrollees. (632.799(2)(b))

It is impossible for patients to choose the best plan if they don't know which plans cover their drugs and how much covered drugs will cost them each month. For cancer patients, access to life saving drugs can make all the difference in their survival of the disease.

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Insurance Plans**

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May 20, 2015

Senator Leah Vukmir
Chair, Committee on Health and Human Services
Room 131 North
State Capitol
P.O. Box 8953
Madison, WI 53707

Re: S.B. 138 - OPPOSE

Dear Senator Vukmir,

I write today on behalf of America's Health Insurance Plans (AHIP) to respectfully oppose S.B. 138, legislation that relates to information provided by insurers about health plans offered on the health benefit Exchange. Given the amount of activity and effort that is focused on issues surrounding network adequacy, provider directories, educational and information coverage disclosures, and more, we believe that S.B. 138 is not the right choice for Wisconsin at this time. We believe that the unintended outcome of such legislation will, in fact, hurt consumers by creating confusion and duplication of existing requirements, while simultaneously creating administrative challenges for insurers.

AHIP's members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual and small group insurance markets, and public programs such as Medicare and Medicaid. Our members offer a broad range of health insurance products in the commercial marketplace and have also demonstrated a strong commitment to participation in public programs. AHIP has been working, at both the federal and state levels, to promote affordable and stable insurance products, with a wide array of plan choices for consumers and families.

Across the country, health plans are delivering high-quality, affordable insurance options to consumers. Health plans are driving affordability by: implementing innovative benefit designs that provide incentives for patients to use lower-cost, high quality treatments and providers; partnering with providers to implement innovative care delivery and payment models; and utilizing proven care management tools that promote efficiency and quality in care, such as better continuity and coordination of care for patients with chronic conditions. By keeping the focus on affordability and improving the consumer experience, we can help build on the successes thus far and continue to make progress in making high-quality health insurance affordable and accessible to millions of Americans.

May 20, 2015

Page 2

Health plan literacy is an issue that has been both a challenge and an opportunity for collaboration. The passage of the Affordable Care Act (ACA) brought with it significant requirements for health plans participating on an Exchange with respect to making information available to consumers about their various plan options. In addition, both federal and state policymakers, consumer advocates, insurers, and other stakeholders continue to work together to refine how best to provide the information and clarity that each consumer needs when making a choice for health coverage. Federal regulators are currently working to finalize rules that will provide additional requirements and clarity as to what information should be provided, as well as how it is provided. Insurers have been at the table, providing insight into current practice and working to ensure that new regulations will be helpful and useful to consumers. We are anticipating that final regulations will be forthcoming this summer.

The National Association of Insurance Commissioners (NAIC) has also been considering this issue and is working to provide additional clarity and guidance to states, consumers, and insurers. Their process has been broadly based and they have encouraged and welcomed an expansive conversation amongst all interested stakeholders, in an effort to ensure that recommendations reflect the needs of the consumer and result in a reasonable and useful set of tools and guidelines.

We would particularly highlight the following issues with the current language, which do not accurately reflect the current environment and requirements:

- (1) As drafted, this legislation fails to reflect that each plan that is offered through the health benefit Exchange must make available the "Summary of Benefits and Coverage" (SBC), a standard document that outlines the benefits, cost-sharing (including in-network and out-of-network costs, total out-of-pocket maximums, deductibles, etc.), and exclusions/limitations. The SBC is a manageable piece of information provided to consumers to help in their decision making. Much of what is asked for in this bill is already required under federal law and is made available to all consumers through the SBC.
- (2) In addition to the SBC, various plan materials outline full descriptions of exclusions, limitations, plan processes (complaints, appeals/grievances, prior authorization, etc.) and how to access providers in and out of network. This is similarly available to consumers.
- (3) There also seems to be confusion regarding formularies for prescription drugs. We are not aware of any plan that has some medications that apply to a deductible and some that do not. Under the ACA, this is not allowed as every plan offered on the Exchange must meet certain requirements, referred to as essential health benefits (EHBs). Included within the definition of EHB are all covered prescription drugs, which must accumulate to a deductible (which can be separate from the medical deductible) and must accumulate toward the out-of-pocket maximum, per federal law.

May 20, 2015

Page 3

Further, we are concerned that S.B. 138 would not, in fact, be useful or helpful to consumers. As required in the bill, an itemized list of every service or item, with its respective copayment or coinsurance, could result in a document that would be burdensome for any consumer to be expected to get through. Additionally, as required by federal law, the services and items that are covered by a particular plan are categorized and described in the SBC. Should a consumer be interested in a specific service, the information can be accessed by contacting the insurer directly, utilizing the services of an agent/broker, or other consumer support services via the health benefit Exchange. This also carries over to pharmaceutical coverage. As noted above, the formulary and related cost-sharing is currently available. To require carriers to publish every "clinical prerequisite" or authorization requirement for coverage of a particular drug is ill-advised, as such information would be patient-specific while also producing an end-product of so many potential scenarios that patients and providers would find unusable.

For these reasons, AHIP opposes S.B. 138. While we appreciate the intent behind this legislation, we believe that it is prudent to wait for the forthcoming federal regulations as well as the work product from the NAIC. We are happy to continue to work with you to ensure that consumers understand and are aware of the information available to them and the avenues to access it as they consider their coverage options.

If you have any questions, please do not hesitate to contact me (gtrujillo@ahip.org, 202-778-1149).

Sincerely,



Geralyn Trujillo, MPP
Regional Director

cc: Nancy Wenzel, Wisconsin Association of Health Plans
RJ Pirlot, Association of Health Insurers



May 11, 2015

Senator Leah Vukmir
PO Box 7882
Madison, WI 53707-7882

Dear Senator Vukmir,

Patient Literacy Legislation is crucial to ensuring that patients are receiving the best medical insurance plan they can get. The bill that is before the Wisconsin legislature is crucial legislation to aid patients who are shopping on the exchange to be allowed to select the best health plan available. It is essential that patients have all the information that they need in order to be able to make the best decision possible regarding their health. So many of these patients face challenging diseases and providing them the best information is a great way to ensure that they are able to select and then receive the best medical care possible for their situation. This legislation will provide them with the information they need.

Therefore we, the 23 undersigned organizations, thank you for authoring SB-138 which will help improve the tools for patient literacy in state health insurance laws in Wisconsin. The proposed legislation would indeed introduce the necessary changes to the law that would allow patients to have at their disposal information on exclusions from coverage, restrictions on benefits and services, prescription drug coverage, doctor and specialist participation, how to appeal an adverse decision, out-of-pocket costs and other valuable information PRIOR to the purchase of a health plan. These are critical pieces of information needed for patients to make the best possible decisions when it comes to their healthcare coverage.

Often language regarding health insurance coverage is vague and confusing and as a result many patients purchase insurance based solely on premiums. When this issue exists there are issues that arise such as: Consumer cost-sharing obligations (out of pocket expenses) including deductibles, copayments, coinsurance, and excluded out-of-pocket expenses may be significantly greater than the total premium paid for a health benefit plan.

This legislation would ensure that insurance companies state their information on the internet in a clear and understandable way. This will result in Wisconsin consumers and patients being able to not only being able to select the best plan for them but also will allow them to fully understand what their out of pocket costs will be and what services are covered. Thank you again for authoring SB-138, we look forward to the issue being discussed in your committee this session.

Sincerely,



Alzheimer's and Dementia Alliance of Wisconsin



Coalition of State Rheumatology Organizations



American Diabetes Association—Wisconsin



Endometriosis Association



Your Liver. Your Life.

American Liver Foundation, Upper Midwest Division



Epilepsy Foundation Heart of Wisconsin



Arthritis Foundation Upper Midwest Region



Epilepsy Foundation of Southeast Wisconsin



BIOforward



Epilepsy Foundation of Western Wisconsin



Great Lakes Hemophilia Foundation



National Patient Advocate Foundation



Leukemia & Lymphoma Society, Midwest



Prevent Blindness Wisconsin



Lupus Foundation of America, WI Chapter



Southeastern Wisconsin Oncology Nurses Society



National Kidney Foundation of Wisconsin



Susan G. Komen Southeast Wisconsin



National Multiple Sclerosis Society—Wisconsin Chapter



Wisconsin Academy of Family Physicians



Wisconsin Association Of Osteopathic
Physicians And Surgeons



Wisconsin Nurses Association



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