



John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

Co-Chair, Joint Committee on Finance

**Assembly Bill 841
Assembly Committee on Health
Testimony by State Rep. John Nygren
February 5, 2020**

Chairman Sanfelippo and members of the Assembly Committee on Health, thank you for allowing me the opportunity to testify on Assembly Bill 841.

Representative Kolste, Senator Kooyenga, Senator Erpenbach, and I authored this bipartisan piece of legislation to clarify that Wisconsin health care providers may offer discounts to their patients who owe health insurance cost-sharing amounts and pay those amounts in a timely fashion. This would apply to common patient payments such as copayments, coinsurance, and deductibles.

As providers have weighed offering prompt-pay discounts to their patients, providers have considered the applicability of a number of federal and state laws, guidance, and other factors. For example, there is an unpublished 2004 Wisconsin Attorney General opinion that stated, if certain conditions are met, prompt-pay discounts are allowed under Wisconsin law. Other views, however, have discouraged the practice.

Health insurance plans often require health care consumers to pay a portion of their health care costs through various cost-sharing arrangements, such as copayments, coinsurance, and deductibles. These out-of-pocket costs, which have been increasing over the years, are not only a significant burden for consumers to pay but also a cost for providers to collect.

A common-sense approach to reduce the costs for both patients and providers would be to recognize that health care providers can discount the amount that is owed by the patient when the patient pays the bill promptly. The provider would offer the discount to encourage the patient to pay the bill to allow the provider to avoid collection costs.

AB 841 is crafted to align the state statute with federal rules and guidance from the U.S. Department of Health and Human Services Office of Inspector General. AB 841 would recognize that, under Wisconsin law, health care providers may offer a prompt-pay discount if, among other things, the discount, except as otherwise required by law, is not publicly advertised, the provider notifies the insurer of the provider's discount policy, and the discount bears a reasonable relationship to the amount of avoided collection costs.

Through AB841 state lawmakers can encourage administrative efficiencies by helping to clarify that state law does not discourage policies that would reduce costs for both patients and providers.



To: Representative Sanfelippo and members of the Assembly Committee on Health

From: Representative Debra Kolste, 44th Assembly District

Date: February 5th, 2020

Re: 2019 Assembly Bill 841

Thank you, Chairman Sanfelippo, Vice-Chair Kurtz, and fellow committee members, for holding a public hearing on Assembly Bill 841.

Assembly Bill 841 clarifies that health care providers may offer discounts to patients who pay their cost-sharing amounts promptly. Co-payments and out-of-pocket costs have steadily risen over the past few years. Collecting these payments also comes at a cost to providers. This legislation helps ease the burden for both parties by providing common-sense administrative efficiencies.

This bill specifies three criteria under which a prompt-pay discount would be allowable under the federal Anti-Kickback Statute. Hospitals cannot shift the burden of the discount onto Medicare or other payers, must offer the discount without regard to the reason for admission, and the offer must not be made as part of a price reduction agreement with a third-party payer unless certain standards are met.

I thank Senator Kooyenga, Senator Erpenbach, Representative Nygren, and the Wisconsin Hospital Association for their work on this legislation. Thank you for your consideration of Assembly Bill 841 and I respectfully ask for your support of this legislation.

Debra Kolste

Deb Kolste
44th Assembly District



JON ERPENBACH

STATE SENATOR

Testimony before the Assembly Committee on Health Senate Bill 763 and Assembly Bill 841

Thank you for allowing me to testify in support of SB 763 and AB 841 which would allow medical providers to give discounts to patients for prompt payment of their health care fees.

Last March I received an email from a constituent, it read...

Hello, while attempting to pay a medical bill to SSM, the website states:

If you pay your SSM Health hospital bill in full, within 30 days from the first statement date, you can receive a 10% discount off your balance.*

***Please note: Due to current legislation, this discount is not available in Wisconsin.**

I don't know what legislation they're talking about, but this should be a top priority. The cost of healthcare is outrageous, and Wisconsin should be helping us, not legislating against us.

After receiving that email, I began to investigate. After working with providers, Leg. Council, and other stakeholders, we are here today with this legislation that would allow Wisconsin to be among the other states that ARE offering prompt pay discounts to patients.

This legislation seeks to clarify that Wisconsin health care providers may offer discounts to their patients who owe health insurance cost-sharing amounts, such as copayments, coinsurance, and deductibles, and pay those amounts timely.

Senate Bill 763 and Assembly Bill 841 allow these discounts under the condition that:

1. Except as otherwise required by law, the discount is not publicly advertised.
2. The provider notifies the insurer of the provider's discount policy.
3. The discount bears a reasonable relationship to the amount of avoided collection costs.

As an advocate for increased access to affordable health care, and on behalf of my constituent, I urge you to consider passage of this legislation.

**Assembly Committee on Health
Testimony provided by Abigail Abongwa
Vice President, Revenue Cycle at UW Health
February 5, 2020
RE: Support for Assembly Bill 841**

Chairman Sanfelippo and members of the committee:

Thank you for this opportunity to appear before you today to share UW Health's support for Assembly Bill 841 related to allowing discounts for prompt payments for health care services. I appreciate your time and interest.

I have more than 20 years of experience working in healthcare administration. I currently serve as the Vice President, Revenue Cycle at UW Health with responsibility for the overall strategy, operations, integration, and optimization of our physician and hospital revenue cycle functions across our large and complex health system. I lead a team of over 900 employees with responsibility for financial clearance, registration and admissions, financial counseling, charge capture, clinical documentation integrity, coding, health information management, billing, insurance follow up and denial management, customer service and patient revenue collection, and last, but certainly not least, revenue cycle training and quality assurance. All of the above responsibilities notwithstanding, my top revenue cycle priority, and my passion, lies in providing our patients with a remarkable financial experience.

Research has shown that a large medical bill or even the perception of a high dollar amount owed can feel overwhelming, and many patients consider putting off seeking treatment to avoid paying a high price. Unfortunately, the high price comes either way because patients who put off seeking medical care could end up in more costly emergent situations down the road. This cycle is far from ideal and is why I believe Assembly Bill 841 can help. It will encourage patients to pay their out-of-pocket expenses, and if they do, will eliminate the hassle and expense of the collections process due to lack of payment.

According to a 2019 survey from the National Business Group on Health, the share of insured workers enrolled in high-deductible health plans at large employers reached 47% in 2019. This was up from 35% in 2018 and 28% in 2017. These high-deductible plans require patients to pay, in addition to co-pays and co-insurance, thousands of dollars in deductibles before insurance starts to pay some of their bills. The data also showed that while large employers still pay for about 70 percent of health care costs for their workforce in 2020, 30% remains as employee responsibility.

UW Health has recognized and is working hard to respond effectively to the financial state-of-affairs of many of our current and future patients. We believe that as patients contribute a growing portion of our revenues, it is not only in their best interest but also in UW Health's best interest to find ways to make care affordable. Offering a prompt pay discount that bears a reasonable relationship to the amount of avoided collection costs benefits patients and providers, creating a better balance between patient satisfaction and our organization's need to remain a viable business.

Finally, I'd like to extend a special note of thanks to the authors of AB841 for their thoughtful approach to clarifying state law so as to provide a clear path forward. This legislation removes the existing ambiguity that has been a source of concern for those of us working in Revenue Cycle. Please join us in supporting this bill.

Thank you for your consideration. I'd be happy to take questions from committee members.

Wisconsin Association of Health Plans

The Voice of Wisconsin's Community-Based Health Plans

Assembly Bill 841
Assembly Committee on Health
February 5, 2020

Chairman Sanfelippo, members of the Committee, thank you for the opportunity to testify today. My name is Tim Lundquist and I am the Director of Government and Public Affairs at the Wisconsin Association of Health Plans. The Association is the voice of 12 Wisconsin community-based health plans that serve employers and individuals across the state in a variety of commercial health insurance markets. Our members are also proud to partner with the state to serve Wisconsin's State Group Health Insurance Program.

Community-based health plans agree with the stated goal of Assembly Bill 841, which is to help patients and create administrative efficiencies for providers. However, health plans have concerns about modifying Wis. Stat. 146.905 in the manner currently proposed.

Wis. Stat. 146.905 is a long-standing provision that protects the integrity of insurance benefit design. The changes proposed in Assembly Bill 841 constitute a change in state policy that is likely to have unintended consequences. Health plans recommend modifications to Assembly Bill 841 that will not only help patients and address providers' debt collection costs, but also protect against discount programs that could lead to increased costs for insured patients at-large.

In order to protect patients and ensure non-discrimination in the administration of discount programs, health plans recommend Assembly Bill 841 be amended to:

1. Require that discount programs be applied in a uniform manner.
2. Allow health plans the option to audit the discounts that are offered and accepted to their enrollees, to ensure discount policies are uniformly applied.
3. Specify that discounts on cost-sharing must be provided without regard to:
 - a. A patient's race, color, creed, national origin, age, disability, sex, or economic status.
 - b. The issuer of the individual's disability insurance policy.

In order to maintain the integrity and intent of Wis. Stat. 146.905, health plans recommend Assembly Bill 841 be amended to:

1. Require providers to annually provide health plans with a written, up-to-date discount policy.
2. Prohibit discounts from being offered before the day services are rendered.
3. Cap discounts at 15 percent of the cost-sharing amount that is owed to the provider.
4. Limit discounts to individuals who have not paid their cost-sharing in full after 90 days of a service being rendered.

Health plans propose to limit discounts to patients who have not paid in full within 90 days because "prompt-pay" discounts are more likely to benefit individuals with the financial means to pay a large sum up-front. That means lower-income individuals would likely not be able to benefit from a prompt-pay discount. A "forgiveness" program that begins after 90 days would benefit the patients who are most likely to struggle to pay their medical bills, while also allowing providers to realize significant cost savings by avoiding third-party collections.

We look forward to working with you to ensure Assembly Bill 841 achieves legislators' stated goals while reducing unintended consequences. I am happy to answer any questions you may have at this time.