

JON ERPENBACH

STATE SENATOR

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

Thank you for allowing me to testify in support of SB 763 and its companion bill, 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 who was attempting to pay a medical bill. On that bill, he found a line that informed him that if he paid his bill in full within 30 days he could receive a 10% discount.

UNLESS...you live in Wisconsin. Further down he found a line that said...

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

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.

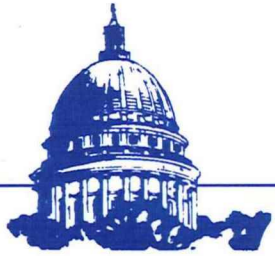
Senate Bill 763 and Assembly Bill 841 allow these discounts under the condition that:

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.

I fully recognize that this bill is not going to be the solution for skyrocketing health care costs. That is legislation for another time. I am committed to continuing to push for increased access to affordable health care.

I also recognize that not all patients have the ability to utilize this discount. I do however, want Wisconsinites to be able to have the same discounts offered in other states.

Thank you for your consideration of SB 763 and AB 841.



DALE KOOYENGA
STATE SENATOR · 5TH DISTRICT

State Capitol · P.O. Box 7882 · Madison, WI 53707-7882 · (608) 266-2512

February 25, 2020

TO: Senate Committee on Health and Human Services
RE: Senator Dale Kooyenga
RE: support for Senate Bill 763 – prompt pay discount for health care

Thank you for holding a public hearing on Senate Bill 763, a bipartisan bill 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.

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.

Senate Bill 763 specifies that discounts for prompt payment do not violate prohibitions on reducing certain fees for health care services. This is a common-sense approach to reduce the costs for both patients and providers. The provider would offer the discount to encourage the patient to pay the bill timely and to allow the provider to avoid collection costs.

This bill is crafted to align state statute with federal rules and guidance from the U.S. Department of Health and Human Services Office of Inspector General. Senate Bill 763 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.

Thank you to my co-authors Representative Nygren, Representative Kolste and Senator Erpenbach for their work on this important bill.

Thank you again for hearing SB 763 and I respectfully ask for your support.

Wisconsin Association of Health Plans

The Voice of Wisconsin's Community-Based Health Plans

Senate Bill 763

Senate Committee on Health and Human Services

February 25, 2020

Chairman Testin, 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 Senate Bill 763, 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 Senate Bill 763 constitute a change in state policy that is likely to have unintended consequences. Health plans recommend modifications to Senate Bill 763 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 the uniform administration of discount programs, health plans recommend Senate Bill 763 be amended to:

1. Specify that discounts on cost-sharing be provided in a uniform manner, and without regard to an individual's economic status, health status, or the issuer of the individual's disability insurance policy.
2. Allow health plans the option to audit the discounts that are offered and accepted by their enrollees, to ensure discount policies are uniformly applied.

In order to maintain the integrity and intent of Wis. Stat. 146.905, health plans recommend Senate Bill 763 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 Senate Bill 763 achieves legislators' stated goals while reducing unintended consequences. I am happy to answer any questions you may have at this time.



HEALTHCARE COOPERATIVE

Testimony on Senate Bill 763 Prompt Pay Discounts for Patients

Melissa Henderson, Chief Operating Officer
Senate Committee on Health and Human Services
February 25, 2020

Chairman Testin and members of the committee, I appreciate the opportunity to testify on Senate Bill 763 – a bill that I’m sure many of you support and I can understand why. I’m here on behalf of Common Group Healthcare Cooperative to talk about the impacts this bill could have on the people we serve – mostly lower- and middle-income individuals and families that don’t have access to employer-sponsored insurance. In fact, we are the largest Wisconsin carrier serving a population that includes people who work in the smallest of companies, who work more than one job, service industry workers, the self-employed and the early retirees among many, many others.

We are also a not-for-profit insurance cooperative. That means we were created by and we are governed by individuals and small business leaders looking to bring value, accountability and honesty to the individual and small group health insurance markets. 2020 marks our seventh year of providing health insurance coverage to the individual market which today is mostly centered around the ACA exchange. For two consecutive years, we were the only carrier serving several Wisconsin counties in that market. I hope this exemplifies how steadfast we are in our commitment to consumers and advocating for them when it comes to policy decisions.

Our Position – SB 763 Can Be Improved to Protect Consumers

We do not have concerns with health care providers offering a reasonable discount off a bill to encourage people to pay their bills faster. But we want the legislature to understand who this is going to help. Certainly, it will help health providers get money in the door faster. And it is likely to help some consumers that have the means to pay promptly, and who are likely to have paid their bills anyway.

SB 763 isn’t going to help our members. They struggle to pay their monthly premium, even after their tax credit lowers the cost significantly, so it is highly unlikely our members will be able to take advantage of a prompt pay offer. And if they do, they will be forced to use their credit card if they have one, exacerbating the problem of medical debt that is crippling many of our families.

We want to remind the committee why people don’t pay their medical bills timely. It’s because they can’t afford them. Deductibles are high because health care costs are high. We don’t want to offer plans with high deductibles, and we work hard to keep them low where we are able. We believe that members put off care and make poor choices as a result of high deductibles, but health insurance companies have very few other levers they can pull to keep costs in check. Sadly, many common health care procedures cost more than \$1,000 and apply to deductible. An MRI for example will cost between \$500 to \$2,000 for the test alone. If your doctor orders a colonoscopy because she thinks something is wrong, it will cost at least \$2,400. These prices are with discounts. Most Wisconsin families will have a difficult time paying these large bills in 30 days.

This forces us to ask, if providers are willing to give consumers a discount to pay their bills, why don't providers work with health insurance companies to bring down these costs for everyone? We could help so many more people if this is where we could focus our attention and efforts.

As is typical in health care, what seems like such a good and simple idea on its face is really not simple. We didn't ask for this complicated system and we would change it if we could, but there are numerous possible implications this bill creates without some safeguards included. I want to provide a couple examples of what is happening now in the health care market that gives us pause on SB 763:

- We recently had a provider tell one of our members that they shouldn't care what they were charging for services because it will help them meet their maximum out-of-pocket faster and then everything is "free" after that.
- We had another member who called us to ask what our negotiated rate was for a dermatology visit because the provider was offering them a cash price. She was enrolled in a high deductible plan – and if the cash price was lower than our negotiated rate, she was going to take it. The trade-off is she would have gotten no credit toward her deductible.
- Patients are being told they must prepay to receive procedures. One woman's story is that she received a call from a hospital's finance department 18 hours before a surgery telling her she had to prepay her bill because she hadn't met any of her deductible yet.

Perhaps a discount gives a provider the chance to offer a carrot instead of a stick when it comes to these types of difficult financial decisions for patients. In the end, the result is the same: people will put these charges on their credit cards if they can and they are likely to end up paying more as a result.

I would also remind you that there are no restrictions on how much health care providers can charge for their services, outside of the efforts of health plans (government, private or otherwise) to keep costs low on behalf of their enrollees. That means SB 763 could be setting up a situation where providers increase their charges to maximize discounts and get money in the door faster. We are not saying that is the intent behind the bill, but anytime you open loopholes in health care I assure you they will be taken advantage of. We have seen this time and time again.

Suggested Guardrails

There are some very practical amendments that we believe should be adopted before this bill moves forward. I would remind the committee that this is an area where state and federal laws exist for a reason. We do not want a situation where the legislature believes they are helping consumers only to backfire and hurt patients in the long run. The practical amendments we suggest are as follows:

1. There should be some limit to the discount other than tying it to the provider's collection costs. It's important to note that when we asked the proponents of the bill how deep prompt pay discounts could get, they could not answer the question because it will depend on each provider's policy. While it sounds counter-intuitive, deeper discounts could cause more harm to consumers in the long run as exemplified by the examples we provided above.
2. There should be a prohibition on offering a discount to pay before the services are rendered. This addresses two primary concerns: One, it keeps providers from offering discounts to get people in the door to receive more services. While there is a prohibition on "publicly advertising" a discount to patients in the bill, this practice is not explicitly prohibited and there is no oversight authority nor is there a penalty for providers if this occurs. Two, this helps us avoid a situation where discounts may be used to pressure patients to make decisions that are not really in their financial best interests, such as putting charges on their credit card.

3. There should be non-discrimination provisions included. Providers should be required to offer these discounts uniformly, without regard to race, age, income or payer. Leaving these protections out of the bill could lead to discriminatory practices and could create concerns for the integrity of plan filings, plan design, rate setting, payer-provider negotiations and payment practices.
4. Regarding the above concern, providers should provide their discount policies to insurers in writing, so that insurers can audit them if needed. Sadly, provider prompt pay discounts have sparked lawsuits between providers and insurers in the past, and this is something that serves only the attorneys. We would like to avoid that kind of dispute at all costs.
5. And finally, there should be some common-sense time limit placed on the discounts to ensure discounts are offered for prompt pay and not for other reasons.

Conclusion

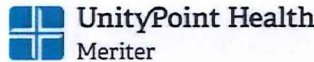
We ask that the legislature proceed carefully on this bill. If the goal is to reduce the cost of collections for health providers, we don't see this as a realistic outcome because people who can pay will pay. This just encourages consumers to pay faster, possibly to their detriment.

If the goal is to lower costs for consumers, then we would strongly urge a different approach that lowers costs across the board and helps more people. We should not pursue ideas that simply mask the high cost of health care. The practice of prompt pay discounts, if not done carefully, will help few people and could lead higher costs.

In closing, I'd like to remind the committee of another idea that many people think sound good for consumers – that is drug discount coupons. They sound wonderful but they help only a small percentage of health care consumers. We all must realize by now that drug coupons are being used to drive utilization of high-cost medicines. They are continually being targeted to help consumers meet their out-of-pocket costs so that insurers are on the hook for inflated prices. Once you eliminate market pressure by taking consumers out of the middle, the incentive is gone to keep costs low. It sounds good until you realize how much it is costing consumers in their premiums.

We urge you to take your time with this legislation and adopt safeguards to keep loopholes from opening. Like you, we want to protect consumers, lower costs and preserve the integrity of what insurance is intended to do.

If you have questions, please do not hesitate to contact our government relations person, Melissa Duffy, at (608) 334-0624.



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

**FROM: Wisconsin Hospital Association
Ascension
Children's Wisconsin
Froedtert Health
Gundersen Health System
Mayo Clinic Health System
Mercyhealth
Rural Wisconsin Health Cooperative
SSMHealth
ThedaCare
UnityPoint Health Meriter – Partner of UW Health
UW Health**

DATE: February 25, 2020

RE: Support Senate Bill 763 – Clarifying Ability to Offer Prompt-Pay Discounts to Patients

On behalf of Wisconsin's hospitals and health systems, we want to thank the bipartisan group of legislative authors and sponsors of Senate Bill 763 and its companion in the Assembly, which was approved in the Assembly by a voice vote on February 18. This simple legislation will provide clarification to Wisconsin health care providers who want to offer discounts to patients who pay their bills timely.

A common-sense approach to reduce the costs for both patients and providers is to recognize that a health care provider can discount the amount that is owed by a patient when the patient pays his or her bill promptly. The provider would offer the discount to encourage the patient to pay the bill timely and to allow the provider to avoid collection costs. Senate Bill 763 provides this clarification in Wisconsin law, while also conforming Wisconsin law to federal requirements and guidance from the U.S. Department of Health and Human Services Office of Inspector General that addresses prompt pay discounts.

As providers have weighed offering prompt-pay discounts to their patients, providers have considered the applicability 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.

Senate Bill 763's clarification of Wisconsin law would eliminate an existing barrier that causes some health care providers to not offer certain discounts to their patients. This legislation provides regulatory consistency between state and federal requirements, removes a potential barrier to more efficient health care operations, and is clearly a benefit to patients that can help lower overall costs.

We respectfully request your support of Senate Bill 763.