

Bill 387 Intent and Purpose – Mr. Tan H. Nguyen

Thank you Chairperson Olson and members of the Committee for allowing us this opportunity to testify for Bill 387.

We are honored to have had the opportunity to present the NuWin Care solution to this committee September 12, 2019...as well as presenting Bill 387 February 14, 2020.

Our position remains steadfast in that the U.S. healthcare system requires innovative transformation now! The lack of access and declining population health outcomes...compared to the ever-growing high cost of care...is evidence that today's healthcare model does not work. The NuWin Care team believes that a Free Market model and Transparency are critical to solving this problem for the State of Kansas and for America.

To be clear, in order to make meaningful change we must understand and attack the problem...not specific organizations.

Bill 387 addresses the first major problem...affordability. It only makes sense that if Kansans cannot afford their care, they will not be able to access that care, leading to poorer population health.

During the morning session of the Committee's meeting on September 12, 2019...several experts testified that the United States has substantially higher healthcare spending compared to similar, wealthy countries but with worse population health outcomes and worse access to care than those same countries.

In addition...those same experts stated that Americans have struggled with outrageous healthcare cost increases for years; where single coverage premiums have increased 105% and family coverage premiums have increased 140% since 2013. But the most disturbing increase reported that morning was the shift of cost liability to consumers...with deductibles rising 212% since 2008.

As a result of this cost shifting burden...medical debt is the leading cause of bankruptcies in the United States today. Sadly...these bankruptcies are not exclusive to the "uninsured" since 78% of those filers had some form of health insurance. Unfortunately...this trend doesn't look like it's improving with 49% of patients failing to fully pay off their medical bill balance in 2014, 53% in 2015, 68% in 2016, and at this rate...95% by the end of this year.

The fact is, without alternative, affordable healthcare solutions...Kansans are just one major illness away from financial ruin.

Bill 387 also addresses the second major problem...transparency. Conflicts of interest has become an acceptable business model within our healthcare supply

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chain. Hospitals and Insurance Carriers have aligned incentives that encourage increasing prices and fees which are passed all the way through to the consumer.

As we stated earlier...there is a troubling trend with patients not being able to fully pay off their medical balances. This creates a very real problem with Bad Debt & Collections which becomes an opportunity for Hospitals to arbitrarily raise rates...which creates significant pricing disparities with no correlation to quality. This then leads to a demand for higher reimbursements from the Insurance Carriers which raises premiums and deductibles for Kansans. So now combine those arbitrary price increases with an archaic payment model (Fee-For-Service) and we have a Hospital model that rewards physicians for "quantity" of care over "quality" of care.

Bottom line...there isn't any cost containment safeguards preventing the increased gross revenues for Hospitals and Insurance Carriers.

Recognizing these problems leads us to ask logical, but difficult questions; why do Americans still settle for this broken healthcare system? Why would employers continue to accept annual rate increases without seeing any ROI from their investment? Why are we extremely skeptical of any market-based changes to the current system...even ones that have repeatedly been proven to yield impressive results?

Bill 387 intends to create a healthcare environment where providers collaborate to create coherent care experiences for all at a lower cost and greater health outcomes. By offering an alternative, affordable option creates that Free Market model we need today...and we believe it will result in smarter consumers which leads to greater population health outcomes.

If we are going to be serious about making meaningful changes for Kansans...we need Bill 387.

Thank you.

Bill 387 Problem & Solution – Mr. Patrick Sulzberger

Thank you Chairman Olson and members of the Committee for allowing me this opportunity to testify regarding the core problem Bill 387 is intended to address. My name is Patrick Sulzberger and I have spent 27 years of my career working directly with health care organizations in the areas of billing, compliance and operations.

As it pertains to escalating health care costs without any evidence-based correlative improvement in quality, the core problems are as follows;

- **A lack of price transparency to the consumer (both individuals and group health plans)**
- **The lack of an independent care navigation advocate for the consumer**

The current fee-for-service system is designed for health insurance carriers and health care organizations to negotiate “allowed rates” between themselves, with preferential rates often given to hospitals given their size and ability to deliver a broad network of providers, thereby making it easier for the insurance carrier to sell its health insurance product in the marketplace (i.e. the network of physicians / providers and facilities).

Consumers of health care services do not have visibility to the allowed rates negotiated between insurance carriers and the multitude of health care organizations with whom they contract. In addition, many specialty procedures involve multiple service components, each containing separate “CPT and HCPCS” codes with different allowed rates. Accordingly, computing the actual price (cost) of a service requires the following at a minimum;

1. Access to all allowed rates for each CPT / HCPCS code involved in a service
2. An understanding of which CPT / HCPCS codes are included in each service

Besides the access to data barrier, most consumers do not possess the health care literacy and billing expertise to accurately compute service costs. Likewise, most health care organizations cannot accurately communicate to a patient what the total cost of a service will be prior to the service being performed under the current fee-for-service system.

As a result, consumers (both individuals and group health plans) currently have multiple barriers preventing them from efficiently and accurately shopping for “value” in the health care marketplace.

Another challenge created by the current fee for service system is the explanation of benefits (EOB) the patient receives after a health care service, particularly specialty procedures. EOB’s are not easy to read or understand for people working outside of the health care industry. In many instances, a simple procedure will result in the patient receiving multiple EOB’s, followed by multiple bills (i.e. one for the facility, one for the specialists, one for lab, etc.). This leads to frustration on the part of the patient and contributes to delayed cash flow and increased bad debt write-offs for health care organizations since the patient believes they have already “paid that bill,” and they were unable to fully understand their portion of the cost before the service was performed.

Many consumers are also challenged to be their own (or their family’s) best advocate in selecting from a myriad of health care provider options. Patients have historically relied on their primary care physicians to guide them through some of

this process. However, primary care physicians today do not have the same luxury of time to spend with their patients as their predecessors 20+ years ago due to a compensation model now driven largely on productivity. In addition, the majority of primary care physicians today are employed by hospitals, creating an inherent referral pattern to hospital employed specialists (when deemed medically necessary by the primary care physician).

An independent care navigation resource can provide a myriad of benefits to consumers, including the following;

- Where to locate quality or patient satisfaction data pertaining to providers
- Which specialists / groups have transparent bundled pricing
- Questions to discuss with your physician regarding medications, diet, etc. prior to your next visit
- Facilitate putting the patient in touch with physicians / providers as needed

Additional cost drivers include poor quality and excess-utilization of services. An independent clinical care navigation resource is better positioned to research and understand this type of data than most patients / consumers in Kansas, allowing the consumer to be better informed to make health care decisions impacting their physical and financial health.

In summary, Bill 387 is intended to remove waste from the State's health care spending by facilitating the following benefits:

- **A growing volume of price transparent service "bundles" in the marketplace (in lieu of ala-carte billing)**
- **Improved accountability for health care cost versus outcomes**
- **Improved ability for employers to develop employee incentives to reward employees for using quality value-based health care service providers**
- **One patient bill in lieu of multiple patient bills for a procedure**
- **An option for an independent care navigation advocate for the patient**

Thank you.

Bill 387 Problem & Solution - Ms. CaRessa Hutchinson

Thank you Chairperson Olson and members of the Committee for allowing me this opportunity to testify for Bill #387.

My name is CaRessa Hutchinson and I am a Registered Nurse. I have been working in healthcare for over 15 years, with most of that time spent at the bedside.

My colleagues have done a great job today laying out the problems that exist in this system---, problems that I have seen first-hand for years as a nurse and that Bill 387 intends to address. The picture they have laid out for you regarding how badly the current system is broken, is a terrifying and heartbreaking one... one that leaves so many people with nowhere to turn when they have healthcare needs. But I would like to spend a few minutes talking about the solutions and change that Bill 387 would enable for Kansas State employees.

I want us to think about what having access to this alternative health benefit really looks like in action... to be able to consume health care in a free market where individuals know the costs up front and can literally shop for lower costs because of transparent pricing as well as find the best providers based on unbiased reviews. Where anytime access to a familiar nurse is given- a nurse that knows them and proactively engages with them, encourages them to meet their health goals and directs them to the most appropriate level of care. A nurse to answer questions, educate according to health literacy level and guide them through how to evaluate value-based transparent pricing options, provider reviews, prescription choices and costs. This would enable individuals to have a nurse very familiar with them to be their advocate and trusted resource to assist and coach them to make the most educated decision as to what is best for them and how to access the care they need most appropriately.

What does it mean for Kansas employees if they have a nurse that knows them, one that doesn't just wait for them to call when there is a problem but proactively reaches out to see how they are doing? This is a trusted advisor that is always accessible via a mobile application to triage their or their family's needs and when appropriate escalate their care up to a physician, utilizing telemedicine partners when appropriate, educate them on other free market, value-based options such as Direct Primary Care and inform them as to which specialists offers transparent bundled pricing... Imagine if they had a nurse that would prepare them for appointments with providers and would follow-up with them after those appointments to help plan next steps of their care. How much peace of mind will Kansas employees feel when they have thier nurse that knows them along with information upfront to make the best decisions on how they want to consume healthcare for themselves and for their families?

As we in this room are likely all aware, there are a lot of organization proposing solutions to the current broken healthcare model in this country. Unfortunately, it seems many of the solutions continue to pile on to the problem... Bill #387 offers a unique and distinctive opportunity for Kansas state employee as it can empower them to take control of their health, having access to medical professionals to educate, support and simplify the complex healthcare system so that they can make informed choices. This bill allows a solution that can truly be built around the patient.

Let me close by just sharing with you that my industry, healthcare, is a tough industry to work in- especially as a bedside clinician. Nurses often fight battles for our patients that we know we/they can't win... but we continue to be patient advocates and fight the fight because there continues to be cruel diseases that steal the lives of the people that we are called to care for. But when I hear of hard working, often insured people, dying of complications of urinary tract infections, managed diabetes or other treatable and preventable illnesses because the system has failed them... well that is something very different altogether and is unacceptable.

Kansas has the opportunity to promote and champion demonstratable change in healthcare with Bill #387.

Thank you.