ENCOMPASS
MEDICAL GROUP

To: House Insurance Committee
From: Dayna Hodgden, Chief Executive Officer Contact: 913-495-2046
Encompass Medical Group, P.A., Lenexa, Kansas
Date: February 15, 2012
Subject: HB2565 Concerning healthcare expense transparency

Thank you Chairman Shultz and committee members for allowing me to appear before you in support of House Bill 2565.

Group Background

Encompass Medical Group, P.A.(EMG) is a group of 45 primary care physicians operating in eight offices throughout the Greater Kansas City Metropolitan area. Our clinic physicians bill for 175,000 office visits per year for 75,000 patients. Our medical group is proud to have a Level 3 Recognized Patient Centered Medical Home (PCMH) clinic and seven other clinics in the process of submitting for Patient Centered Medical Home (PCMH) recognition. Our offices are completely electronic with electronic medical records, digital lab, and digital imaging---more than a $4M dollar investment over the last five years.

Patient Healthcare Transparency

The Patient Centered Medical Home (PCMH) model encourages patients and their families to take an informed active role in their own healthcare. With the computer technology today, our patients can go to our secure website at Encompass, login, and download or review their personal "Continuity of Care Document". This document contains two years of Lab results, Blood Pressure and BMI values, along with problem, allergy and medication lists. This document can be read on any computer and imported into another EMR system as a part of the patient's permanent record.

Technologically, we are advanced in our ability to provide them with their healthcare information and yet, we still fail in our ability to inform our patients with any certainty what their out-of-pocket expenses will be for the office visits, tests and treatments that are recommended for their care.

Healthcare Quality and Cost Transparency

In the name of quality and cost transparency, insurance plans and quality consortiums are reporting cost and quality data on Kansas City area physicians so that patients have an incentive and opportunity to pick quality physicians who provide cost sensitive healthcare services to their patients.

But patients also need patient specific cost transparency when they make a decision about the out-of-pocket expense of a surgery, immunization, test, procedure or another recommended healthcare service.

House Insurance
Date: 2-15-12
Attachment # 5

We have over 1,500 insurance carriers identified in our billing system, each with an unknown number of employer-specific benefit plans. It is impossible for our staff to predict what an insurance plan will cover or will pay for a tetanus shot, an EKG or a simple office visit, and exactly how much the patient portion will be.

Information Availability

The information for a health care predetermination request (HCPD) is already available. Insurance claims are paid, denied or pended daily. The payment rules are specific to the patient benefit plan and it is written into the insurance claims systems whether each service is covered, non-covered, bundled, insurance paid or patient responsible service. The claims system knows if the patient has met their deductible, co-insurance or maximum out-of-pocket. It is possible for this same claims system to produce payment information at the time of service in response to a health care predetermination request (HCPD).

The physician office staff should be able to enter the patient service codes and the diagnoses associated with those services and be able to clearly tell the patient if the service is a covered benefit, how much the insurance will pay for the service, and exactly what is the patient's financial responsibility at the time of service.

Patient Experience

Patient Centered Medical Home (PCMH) is a model of care that uses a healthcare team approach in managing and treating a patient population. Each patient identifies with their own personal physician. The focus is on preventive services and chronic care diagnosis and treatment opportunities. In the past, patients decided when to seek healthcare. As a Patient Centered Medical Home (PCMH) practice, we reach out to our diabetic patients, the elderly, and patients with other chronic diseases for lab and follow-up.

Some insurance plans no longer have an office visit benefit or have a limited number of office visits per year. When we tell those patients they need to come in for follow-up, it isn't uncommon for them to ask, "How much it going to cost me?" or to say, "I can't afford to have my lab or see my doctor".

Even more often, patients call after they receive their bill and say, "I wouldn't have had that test if I had known the insurance wouldn't pay for it." This type of unexpected expense can strain the patient-doctor relationship.

We feel it is extremely important for us to have the payment information at hand to give the patient financial options along with healthcare options that work for them. It might be that chronic patients who are compliant with their medications and agree to have periodic lab tests could reduce their actual office visits by one or two a year with some oversight from the PCMH team. Our physicians and staff have to be receptive to each patient's situation along with the challenges they face. House Bill 2565 would assist us in doing that.

Patient Responsibility/Bad Debt

Usually, it is 20-30 days from the day of service that an insurance payment is received and a patient balance is billed. It is not unusual for another 30-60 days before we see a payment from the patient. There are patients that never pay their bill. Some patients have no office visit benefit, but we still are required to send the claim to the carrier before we charge the patient. Our bad debt ratio for one carrier, who offers high deductible health plans, lower premiums, and fewer benefits, has grown from 1.5% in 2005 to 7% in 2010 for that patient base. I believe the passage

of HB 2565 and the implementation of the HCPD will help us reduce our bad debt and help us maintain financial integrity.

Our medical group is eager for House Bill 2565. It finally gives the physicians and patients the opportunity to make informed financial decisions about the healthcare services, tests, and treatments that are available to them. The consideration of a bill like HB2565 is long overdue.