



To: House Insurance Committee

From: Jerry Slaughter
Executive Director

Date: February 15, 2012

Subject: HB 2565; Concerning health insurance coverage predetermination requests

The Kansas Medical Society appreciates the opportunity to appear in support of HB 2565, which would require health insurers to provide, prior to the services being rendered, an automated notification of the benefits and amounts the insurer will pay for the services which are being provided, in addition to any patient cost-sharing amounts. The goal of the legislation is to promote transparency as it relates to health insurance benefits and out of pocket costs to patients. The result of adopting this predetermination standard will be to allow patients to know in advance of receiving health care services just what their financial responsibility will be.

Under the provisions of the bill, insurers would satisfy this “predetermination request” by processing an online “claim-like transaction” and responding with a “payment-like transaction” that provides both patient and provider with the necessary coverage and cost information prior to services being rendered. We realize that although conceptually this is a sensible, simple concept, in most cases it will require insurers to program and implement a different transaction and code sets standard than that which they are currently using. By delaying the effective date of the bill until January 1, 2014, it gives the industry almost two full years to make the necessary changes to their systems.

Physicians and other health care providers are being required more and more to manage the patient’s financial responsibility for health care services as that responsibility increases with higher deductibles, coinsurance, and copayments. Consequently, physicians and health care providers need to have efficient and timely access to payers’ expected payment for health care services prior to providing the service. It is important to note that the applicability of the payer’s response would only be binding at the point in time that the request is submitted. Intervening circumstances such as a change in the planned course of treatment would impact the actual coverage or payment.

This bill, when implemented, will begin to address the issue of how patients can quickly and efficiently determine their out of pocket costs for needed health care services. We encourage you adopt HB 2565 and put Kansas on a path to improved transparency in health care transactions..

House Insurance
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