February 3, 2010

Maryland Senate Bill 314 and House Bill 147: Assignment of Benefits and Reimbursement of Non-Participating Providers

MARKET: Maryland

It is not often that I personally have reached out to you about issues facing us in Annapolis but I feel strongly that legislation (Senate Bill 314 and House Bill 147) pending in the Maryland General Assembly would be extraordinarily harmful to our members, especially our individual and small group customers. The bills would require health insurers to pay members’ claims directly to non-participating (non-par) physicians. Such an assignment of benefits (AOB) mandate would eliminate a major inducement for physicians to join or remain as a participating provider and would result in a depleted provider network from which members can secure health care services without incurring significant additional out-of-pocket charges.

Depending on the product, members may opt to receive health care from non-par physicians, but at the risk of being balanced billed for any charges by the non-par doctor that exceed what the insurer pays. Known as “balance billing,” this practice could force consumers to pay millions of dollars in additional out-of-pocket costs. Unlike hospital costs, no one regulates what physicians are paid in Maryland. They can charge any amount they want. The difference between what an out-of-network physician charges and the amount CareFirst BlueCross BlueShield negotiates with in-network physicians as full payment for a specific service can be thousands of dollars.

Passage of SB 314 and HB147 would hamper our ability to negotiate fair and reasonable provider fees on behalf of our customers. Since in-network providers must meet stringent credentialing standards, quality of care also could suffer as fewer providers participate in our network. Last year, the fees CareFirst negotiated with participating providers totaled more than $2.2 billion – savings that directly benefited what our members pay for their health coverage. As more health care providers opt not to participate in carriers’ networks, health care costs of Maryland consumers will rise significantly.

Passage of SB 314 and HB147 would result in fewer providers in our provider networks, harm consumers by substantially increasing their out-of-pocket expenses, lower the quality of health care and reduce access and choice.

Customer Support
CareFirst plans to send the attached letter to our large employer groups. We are encouraging these groups to send letters to Senator Thomas McLain Middleton, chairman of the Senate Finance Committee, and to Delegate Peter A. Hammen, chairman of the House Health & Government Operations Committee, to urge rejection of this harmful legislation. Should you have any questions, please contact your Broker Sales Representative.

Chet Burrell
President and Chief Executive Officer

Attachment
February xx, 2010

Company Name
Address
City, State Zip

RE: Maryland Legislation SB 314/HB 147

Dear [group administrator contact]:

We want to alert you to legislation (Senate Bill 314 and House Bill 147) pending in the Maryland General Assembly that would require all health insurers to pay members’ claims directly to non-participating (non-par) physicians. Such a mandate would discourage providers from participating in CareFirst BlueCross BlueShield’s networks and hinder our ability to negotiate fair and reasonable fees on behalf of customers.

Last year, the reimbursement discounts that CareFirst negotiated with in-network providers totaled more than $2 billion – savings that directly benefited what our members pay for their health coverage. As more health care providers opt not to participate in our networks, health care costs will rise significantly.

The difference between what an out-of-network physician charges and the amount CareFirst negotiating with in-network physicians as full payment for a specific service can be many thousands of dollars. And since, depending on the product, members can get their health care from non-par physicians, they are liable for any charges that exceed what the CareFirst pays. Known as “balance billing,” this practice could force members to pay millions of dollars in additional out-of-pocket costs.

Unlike hospital costs, no one regulates what physicians are paid in Maryland. They can charge any amount they want. Many do, as reflected in the examples where our members have faced exorbitant balance bill charges for which they have little or no recourse. Passage of these bills would hamper our ability to negotiate fair and reasonable provider fees on behalf of our members and accounts. And, since in-network providers must meet stringent credentialing standards, quality of care also could suffer since non-par providers do not face the same credentialing requirements. In short, passage of SB 314 and HB147 would serve to deplete CareFirst’s participating provider networks, increase the out-of-pocket costs of members, lower the quality of health care and reduce access and choice.

We need your help. Please consider writing Senator Thomas McLain Middleton, chairman of the Senate Finance Committee, and Delegate Peter A. Hammen, chairman of the House Health & Government Operations Committee, to urge rejection of these bills. Attached is a sample letter you may find helpful in composing a letter. If you have any questions about the proposed legislation, please contact me at (410) XXX-XXXX. Thank you for your support.

Sincerely,

Name
Title

Attachment

CareFirst BlueCross BlueShield is the business name of CareFirst of Maryland, Inc. and is an independent licensee of the Blue Cross and Blue Shield Association. © Registered trademark of the Blue Cross and Blue Shield Association. ® Registered trademark of CareFirst of Maryland, Inc.
February xx, 2010

The Honorable Peter A. Hammen  
Chairman, Health and Government Operations Committee  
241 House Office Building  
6 Bladen Street  
Annapolis, MD  21401

Re: HB 147 - Health Insurance - Assignment of Benefits and Reimbursement of Nonpreferred Providers

Dear Chairman Hammen:

I am writing on behalf of [Company] and our [number] employees to express strong opposition to House Bill 147. Like many employers, we are finding it increasingly difficult to provide quality, affordable health care coverage for our employees and their families. We rely on our health insurer to negotiate fair and reasonable fees with quality, credentialed in-network providers. It’s important that our employees have access to the broadest possible network of participating providers in order to avoid costly and often unexpected additional costs that they may face when they receive care from out-of-network providers.

It seems clear that requiring insurers to directly reimburse non-participating providers, as proposed in HB 147, will remove a major inducement for providers to join an insurer’s provider networks. Since nothing in the bill prohibits, regulates or moderates the amounts non-participating providers can charge patients, more and more of our employees could face significant balance bills when they use out-of-network providers. At a time of spiraling health care costs and economic recession, this strikes us as particularly bad policy for Maryland’s businesses.

Today, the agreements our health insurer negotiates with its contracted providers help to protect our employees from the onerous and unreasonable billing practices of some non-participating providers. But, these protections are only as good as an insurer’s networks. HB 147 would remove a powerful incentive for providers to join an insurer’s network. Our employees’ access to care and choice of providers will be hindered as insurers’ provider networks are depleted. That inevitably will means that more of our employees will be liable to the additional out-of-pocket costs that non-participating providers can charge, a practice known as “balance billing.”

Passage of HB 147 would ultimately serve to destroy participating networks, harm consumers by substantially increasing out-of-pocket costs, lower the quality of health care, and reduce access and choice. We strongly urge you and your Committee to return this bill with an unfavorable finding and recommendation.

Sincerely,
February xx, 2010

The Honorable Thomas McLain (Mac) Middleton
Chairman, Senate Finance Committee
3 East Wing, Miller Senate Office Building
11 Bladen Street
Annapolis, MD  21401

Re: SB 314 - Health Insurance - Assignment of Benefits and Reimbursement of Nonpreferred Providers

Dear Chairman Middleton:

I am writing on behalf of [Company] and our [number] employees to express strong opposition to Senate Bill 314. Like many employers, we are finding it increasingly difficult to provide quality, affordable health care coverage for our employees and their families. We rely on our health insurer to negotiate fair and reasonable fees with quality, credentialed in-network providers. It’s important that our employees have access to the broadest possible network of participating providers in order to avoid costly and often unexpected additional costs that they may face when they receive care from out-of-network providers.

It seems clear that requiring insurers to directly reimburse non-participating providers, as proposed in SB 314, will remove a major inducement for providers to join an insurer’s provider networks. Since nothing in the bill prohibits, regulates or moderates the amounts non-participating providers can charge patients, more and more of our employees could face significant balance bills when they use out-of-network providers. At a time of spiraling health care costs and economic recession, this strikes us as particularly bad policy for Maryland’s businesses.

Today, the agreements our health insurer negotiates with its contracted providers help to protect our employees from the onerous and unreasonable billing practices of some non-participating providers. But, these protections are only as good as an insurer’s networks. SB 314 would remove a powerful incentive for providers to join an insurer’s network. Our employees’ access to care and choice of providers will be hindered as insurers’ provider networks are depleted. That inevitably will means that more of our employees will be liable to the additional out-of-pocket costs that non-participating providers can charge, a practice known as “balance billing.”

Passage of SB 314 would ultimately serve to destroy participating networks, harm consumers by substantially increasing out-of-pocket costs, lower the quality of health care, and reduce access and choice. We strongly urge you and your Committee to return this bill with an unfavorable finding and recommendation.

Sincerely,