



**Testimony of Kelly McGivern
President and CEO**

**House Civil and Commercial Law Committee
HB 185**

June 16, 2009

Mr. Chairman and members of the committee, my name is Kelly McGivern and I am the President and CEO of the Ohio Association of Health Plans (OAHP). OAHP is the statewide trade association representing health insurance companies. I am here today to express concern with provisions in HB 185.

First I want to be clear that the health insurance industry supports reasonable efforts to streamline the administrative hassles found within the healthcare system. In fact, health insurers have been proactive in creating best practice standards for administrative processes within health plans and in developing partnerships that encourage use of electronic processes. For example:

*Several national health plans including Anthem, Aetna, Cigna and United have partnered together to establish a shared database through which providers may input their credentialing information for participating insurers to access as opposed to providers having to provide that same information to each individual insurer. The costs associated with this program are borne entirely by insurers. Recently, Ohio adopted the national credentialing form this group created and all providers and insurers are using this form in our state.

*Most health plans have created many electronic and/or web-based programs intended to take advantage of time saving technologies. These programs can be seen in the areas of claims processing systems, enrollment verification, complaint handling, formulary information, e-prescribing, transparency in costs and reimbursement, just to name a few. Additionally, Ohio was recently chosen to launch a web-based portal pilot project, anticipated to begin later this year, which will allow providers to have access to information from a number of health plans through one connection spot. Unfortunately, electronic systems are not fully utilized by providers nor do all providers submit claims electronically to insurers. As a result, insurers must therefore maintain alternative and more expensive systems for the benefit of providers; this creates a duplication of effort by health plans and providers.

Overall, health plans understand how important it is to find ways to reduce administrative costs within the healthcare system. The delivery and financing of health care have become incredibly complex for all parties and we are sympathetic to the pressure on health care providers to be more efficient with their time, to be more accountable for the health of their patients and to be cost effective in the delivery of care. In fact, demands from purchasers of health care benefits and government (as purchaser and regulator) for accountability surrounding the dollars being spent and the quality of care being delivered increases each year. This is why we are anxiously awaiting the savings of administrative dollars that was promised from the passage of HB 125 during the 127th Ohio General Assembly. This legislation, now law, was marketed by medical providers as the way to simplify their administrative functions and in turn save on the administrative costs within the system.

In evaluating the changes proposed in HB 185, we have determined that the end result will likely be great administrative pressure needed to track and monitor varying contracts across the state with medical providers or more termination of providers from network status – neither option is positive for consumers, insurers or providers.

First, it is important to set the record straight on false claims being made by some proponents of HB 185 concerning unilateral amendments to contracts. In fact, current law prevents this practice by setting up strict provisions that outline the process for addressing amendments to contracts including, specifies timelines for conspicuous notification of amendments, rights for providers to object, and options if objections to the amendments are not resolved. In fact, the co-sponsorship request for HB 125, referenced one of the goals which was to stop unilateral amendments in contracts. The Ohio General Assembly agreed that the new process was fair for addressing material amendments and the enacted law the result of over a year of interested party meetings, negotiations and compromise from all parties.

Additionally, it is important to recognize that the negotiation process that takes place in contract negotiations allows for discussion on the rights and responsibilities of all parties entering the contract. Therefore the concept of mutual assent is in fact a part of the contracting process between an insurer and a provider and when combined with the statutory process and rights as outlined in the material amendments law, makes the assertion by proponents that insurers unilaterally amend contracts unfounded.

Next, we believe making changes to a law that has been in effect for less than a year is not prudent. I am not aware of any statewide data that has been gathered and presented to this committee as evidence of the need to pass additional legislation. We do know that since HB 125 has been enacted, our member health plans have issued less than 15 such material amendments. Of these amendments, only three providers objected, and all these objections were resolved. Considering our member plans provide health care benefits to over 6 million Ohioans and have over 150,000 contracts with medical providers across the state, this could imply the current system in law is working. Therefore, we are uncertain as to the pressing need for passage of HB 185 as had been called for by the proponents of the bill.

Finally, the current provisions in law were taken from a law in effect in the State of Colorado which had passed prior to HB 125 being introduced. Despite claims made last week by proponents of HB 185 that Ohio law was not based on Colorado or the Master Settlements some of Ohio's insurers are involved with, the exact language from Colorado was proposed by the medical providers during interested party meetings and a memo from the Ohio State Medical Association dated January 3, 2008, references the Colorado law which deals with amendments to contracts in the same manner as Ohio law.

Aside from the fact that it is premature to re-open only select provisions from HB 125, that unilateral material amendments no longer exist as a function of law, and the law in Ohio is consistent with that of the few other states that have chosen to inject themselves into private contracts, the result of HB 185 to allow providers to unilaterally prevent material amendments from becoming a part of the contract, would be upwards pressure on costs in the healthcare system.

Thank you for the opportunity to present our concerns. I would be happy to answer any questions you may have.