



To: House Health and Human Services Committee
From: Jerry Slaughter
Executive Director
Date: February 9, 2016
Subject: HB 2599; concerning billing for certain laboratory services

The Kansas Medical Society appreciates the opportunity to appear today on HB 2599, which amends a provision of the Healing Arts Act which prohibits physicians billing for certain laboratory services when those services were not personally rendered by the physician, or unless the services were provided under the physician's direct supervision.

That provision of the Healing Arts Act was enacted in 2007, as a response to some inappropriate billing practices in other states which involved the marking up of certain laboratory services by physicians. In those states, a few physician practices had charged the patient substantially more than the amount billed to the practice by the pathologist or laboratory that performed the tests, a practice which is considered improper because it results in higher costs to patients.

At the time that provision was enacted, the alternative delivery model known as "direct primary care" or "DPC" had not yet become widely known or utilized. DPC and similar retainer-type medical arrangements are a new physician practice model that replaces the traditional fee-for-service structure with a simple, flat monthly fee that covers comprehensive primary care services. Among its principle goals are improved health outcomes, transparent pricing, lower costs and enhanced patient service. As many of you know, the legislature enacted a new law (KSA 65-4978) last year as a part of HB 2225, that recognizes and defines such practices, and makes it clear that the medical retainer agreements that DPC practices use do not constitute health insurance or violate the insurance statutes.

In discussions with the DPC physician community in our state over the last several months, it became clear that the laboratory billing prohibitions contained in the 2007 law were in some cases a barrier or impediment to the new DPC delivery model. We began working with interested parties to find an approach that would preserve the intent of the existing law without becoming a burden or a barrier to these innovative practice models. The result of those discussions is HB 2599, which exempts DPC (retainer-type) practices such as these from the prohibition on billing for the laboratory services, so long as the billing identifies the lab or physician that performed the service, the amount charged by that lab or physician, and the billing is consistent with regulations adopted by the Healing Arts Board. This approach protects patients from improper billing practices, provides greater transparency, and eliminates a barrier to these retainer-type practice models. We respectfully urge the Committee to report HB 2599 favorably for passage. Thank you.