SB 122 Facility Fee Disclosure

Hearing February 10

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Hello,

I am Elizabeth S Rowe, legislative director of the Rowe Neurology Institute in Lenexa Kansas. The Rowe Neurology Institute is the only remaining independent Neurology practice in the greater KC area.

I am here because we believe this bill is essential to providing Kansas patients with the cost transparency that will allow them to choose wisely when visiting a doctor in Kansas.

The services of hospital employed physicians are charged at hospital rates, and include ad on fees called facility fees. Because of these extra charges, it costs patients much more to visit a hospital employed physician than a private practitioner. For some services the difference can be more than a multiple of two.

As it is now, patients have no warning when they are going to be billed for an-add on facility fee whenever they visit a doctor who is employed by a hospital. It is especially shocking for patients to receive these bills if their physician was once independent and only recently joined the ever increasing ranks of hospital employed physicians.

Transparency with regard to these facility fees, as required by this bill, is essential, particularly now that patients are more likely to have high deductibles so that they have to pay the whole bill themselves.

The charging by hospitals of facility fees for outpatient visits is controversial; **however this bill does not address any of the issues around whether it is appropriate for hospitals to charge facility fees for outpatient visits to previously independent physician offices. The bill only requires disclosure of these fees prior to an appointment where facility fees will be charged.**

In short, if there are two offices across the street or a few blocks from each other, and one costs twice as much the other for the same exact service, consumers need to know this.

The state of Connecticut recently passed a very similar bill, and it was supported across the board by all of the stakeholders in healthcare, including hospitals. Several other states are considering similar laws.

I have included in the hand out an excellent and thorough well documented research report from the Connecticut attorney general's office that provides all of the factors and issues behind the necessity of this bill. Also included in the hand outs are the series of excellent articles from the KC Star regarding Facility fees, the purchase of physicians' practices by hospitals, and other related issues.

For background I will cover 4 issues briefly, which are documented in detail in the handouts.

1. Facility fees are add on fees which hospitals add to their bills for outpatient visits to employed physicians. As is well documented in the handout, these can range up to more than one thousand dollars and can be greater than the professional fee portion of their bill. Such fees are not charged by independent private practitioners. When hospitals purchase physicians' practices, they can charge these fees even if the doctor is still practicing out of the same office, as long as it is within 35 miles of the hospital that employs him or her. Thus patients who go to the same doctor can find themselves with much higher bills than they received for the very same service prior to his becoming hospital employed.

2. There has been a large increase in hospital consolidations the past few years, encouraged by the ACA, leading to the widespread purchasing of physicians' practices. Hospitals are incentivized to hire physicians directly in order to charge these fees, and also to capture downstream referrals for testing and surgery. These also come with facility fees. In many cases, these hospital employed physicians compete directly with independent private practitioners. These trends drive up health care costs dramatically, as more and more outpatient services are being billed at hospital rates.

3. The facility fees are paid both by private insurers and Medicare. MedPAC, the commission that advises Congress on Medicare policy, has recommended that payments be equalized across settings for 66 billing codes. The president's budget now recommends site neutral payments for some services in Medicare.

4. The disclosure of facility fees to individual Kansans is particularly important because of high deductibles across the board, including employer sponsored as well as the low end exchange policies. Those who have not met their deductible are liable for the entire charge. This is particularly important in rural areas where people are more likely to have lower incomes.

All of the statements and claims I have made are documented in the handouts.

In summary, the bottom line is that when you have two providers of identical services and one costs twice as much as the other, consumers need to be informed. This bill requires just that.

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Addenda