



To: <sup>Established 1859</sup> Senate Public Health and Welfare Committee

From: Rachelle Colombo  
Director of Government Affairs

Date: March 13, 2017

Subject: HB 2027; concerning billing for certain laboratory services

The Kansas Medical Society appreciates the opportunity to appear today in support of HB 2027, which amends a provision of the Healing Arts Act prohibiting physicians billing for certain laboratory services when those services were not personally rendered by the physician, or unless the services were provided under the billing 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" which includes concierge medicine or medical retainer agreements, had not yet become widely utilized. DPC is 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) in 2015 as a part of HB 2225 that recognizes and defines such practice models, and makes it clear that 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 year, it became clear that the laboratory billing prohibitions contained in the 2007 law were in some cases a barrier to the new DPC delivery model. KMS worked with interested parties to find an approach that would preserve the intent of the existing law established to protect against price-gouging without becoming a burden to these innovative practice models. The result of these discussions is the legislation before you – previously introduced and passed out of this committee. HB 2027 exempts DPC practices such as these from the prohibition on billing for laboratory services, so long as the billing identifies the lab or physician that performed the service, the amount charged by the 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 medical retainer-type practice models. We respectfully urge the committee to report HB 2027 favorably for passage. Thank you.