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STATEMENT OF BRAD SMOOT
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BLUE CROSS AND BLUE SHIELD OF KANSAS, INC.
HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
ORAL OPPONENT REGARDING HB 2307
FEBRUARY 20, 2019

Dear Chairwoman Landwehr,

Blue Cross Blue Shield of Kansas (BCBSKS) is a locally operated mutual insurance company with more than 1,600 Kansas-based employees. We have offices in 11 different Kansas communities with corporate headquarters located in Topeka, serving approximately 930,000 of your fellow Kansans in 103 of the Kansas counties. The company's service area includes all Kansas counties except Johnson and Wyandotte.

Attached to my testimony is document from our website discussing 2019 dental rates and policy memo changes. We hope you can review this at your leisure. You may want to note that BCBSKS contracts with 90% of dentists in our plan area (103 counties). We serve over 300,000 dental customers and are the top ranked insurer in provider satisfaction. BCBSKS was created by hospitals and doctors and we view our relationships with all contracting providers as fundamentally important.

HB 2307 would turn a long-standing contracting process on its head. For decades we have entered into long term contracts with providers, including dentists, that are intended to be updated and renewed regularly as rates increase and benefits change. These are known as "evergreen" contracts and are common in a lot of businesses including health insurance. We regularly make rate changes (almost always an increase) and other lesser modifications to the contract. For the benefit of our customers and providers, we send out the proposed changes and give the providers generally 60 days to reject the changes and terminate our contract if they no longer want to participate. It is an "opt out" method of renewal. It requires no action by the provider if they are happy with the changes. Only those who want to terminate the agreement are forced to take affirmative action. So for the vast majority of dentists and other providers this method is the easiest and most efficient method of making contract changes.

BCBSKS has two networks of dentists — one for our basic coverage and a less expensive Preferred Provider Organization (PPO) with fewer providers. In 2019 we are contracting with more than 800 dentists and only 90 elected to drop out of the PPO arrangement. It seems most dentists were satisfied with the increased rates and terms while a handful were not. Imagine though if HB 2307 were the law. Each of those 800 dentists would have to affirmatively sign a document agreeing to the changes and

submit it within a limited time. And what of those dentists who wanted to stay in the networks but inadvertently neglected to respond? They would be out. If you think there is a problem now, imagine how many dentists might be complaining to you for being dropped from our networks.

Most importantly, we use this most convenient opt out method not just for the benefit of busy providers but to benefit their patients; our customers. Contracting with providers is one of the ways insurers guide patients to quality providers, increasing their business and helping those with dental insurance get the care they need. We have to publish a list of contracting providers during the fall for our insureds so that they can know which ones contract with us and from whom they will receive the full benefit of their insurance coverage. We really can't be in the business of hassling dentists who have just neglected to sign the agreement required by HB 2307. If we are required to go to "opt in" each year, there will be dentists who get left out unintentionally and whose patients will have to find different dentists to get full coverage. We don't want our contracting mechanism to disrupt the doctor/patient relationship. An opt in requirement is far more likely to do that than the current opt out method.

We are less concerned with second change in the bill relating to nominal charges (page 1, lines 26-28). We have already changed our contracts to allow for dentists to make such charges. Incidentally, we did that through an "opt out" policy memo which would have been prohibited by the other change required by HB 2307.

BCBSKS has a dental advisory committee which reviews issues of provider contracting. We would be pleased to review this bill with them and to continue to visit with any of our contracting dentists to discuss ongoing issues of concern. But for now, we urge you to reject HB 2307 as an unnecessary interference in private business contracts and a complete reversal of a process that we believe benefits the vast majority of dentists, their patients and our customers. Thank you for consideration of our views.

By the numbers

Blue Cross and Blue Shield of Kansas provides the best service in the industry and strives to be the health insurance company of choice for our members and providers.

#1

BCBSKS is top-ranked for Provider Satisfaction.

7.63%

BCBSKS spent 7.63 percent of annual premium income on administrative expenses for the year of 2017.

301,367

BCBSKS and its subsidiaries serve 301,367 members with dental coverage as of May 31, 2018.

90%

BCBSKS contracts with 90 percent of all dentists in the Plan area for CAP and about 70 percent for the Dental PPO.

100%

BCBSKS is 100 percent URAC accredited in health plan, case management, and disease management.

2019 Reimbursement and Policy Memo changes

On June 29, 2018, the BCBSKS Board of Directors met and approved policy memo changes and the dental MAPs that will be applicable for 2019. A summary of the policy memo changes is enclosed for your review.

Reimbursement for 2019 is aligned to continue RVU-based pricing and promote the incentives available through the Quality-Based Reimbursement Program (QBRP) (see pages 4-6). 2019 reimbursement changes include increasing allowances for lower-valued codes and maintaining allowances for high-valued codes. Additional increases can be achieved through QBRP. BCBSKS continues to be sensitive to the challenges experienced in rural Kansas related to access to dental care and recruitment of dentists. As such, BCBSKS will continue to increase the base allowances 5 percent for services performed by dentists (CDT codes) in counties with a population of 13,000 or less (see page 7).

A charge comparison report reflecting reimbursement for 2019 is available by contacting your Professional Relations representative or our Provider Network Services area. The charge comparison is based on services billed by you during the first five months of 2018. The charge comparison format provides the lesser of your charge or the MAP for each procedure code you performed thus far in 2018. In addition, the report shows whether each procedure code qualifies for QBRP.

The value in contracting

BCBSKS provides business services that bridge the gap between the delivery and financing of health care. Services creating significant value for contracting providers include:

Local member contracts structured to allow charges up to 100 percent of the MAP for participating CAP providers (subject to member benefits).

Detailed claim-payment information provided to both you and the member explaining their financial responsibilities.

A dedicated field staff available to visit your office to address any operational issues.

Access to Professional Relations provider network services personnel to answer policy questions or obtain assistance with claim coding questions.

Opportunity to participate in the BCBSKS Dental PPO network.

Website (bcbsks.com) and self-service access through Availity, which improves your office efficiencies and maximizes your employee resources.

- Secure services include detailed claims payment information, member eligibility, remittance advice, and provider enrollment information.
- Other services include training modules, podcasts, newsletters, manuals, policy memos, and medical policies/guidelines.

Opportunity to earn additional revenue through the Quality-Based Reimbursement Program (QBRP).

Direct payment from BCBSKS, which minimizes your collection efforts and increases cash flow.

Electronic remittance advice and payment capabilities.

Opportunity to participate on specialty liaison committees and provide direct input in the development of medical policies and emerging issues.

Periodic workshops conducted by professional relations staff that delivers continuous training for new and experienced medical assistant staff, helping update your staff on new administrative procedures to ensure timely claim payments.

Contracting providers' names made available to BCBSKS members through a number of sources including the internet, employer groups, and other contracting providers for referral purposes, which increases the potential for new patients.

NOTE — In 2019, for the majority of our business, non-contracting providers' services will be paid direct to the member at a charge up to 80 percent of the MAP (i.e. there is a 20-percent penalty for members receiving services from a non-contracting provider), subject to member benefits. In addition, assignment of benefits to non-contracting providers is not allowed. Also, non-contracting providers do not qualify for QBRP incentives.