



(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Health, Health Insurance, Privacy, Property Tax Relief, and Revenue (SC-HHIPTRR)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue

Senate Bill 418

Relating to: disclosure of information by health care providers and insurers and providing a penalty.

By Senators Sullivan, Kreitlow, Cowles, Miller, Lehman, Vinehout, Taylor and Wirch; cosponsored by Representatives Richards, Staskunas, Turner, Pope-Roberts, Hebl, Roys, A. Williams, Soletski, Hraychuck, Krusick, Hilgenberg and Milroy.

December 03, 2009 Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

February 11, 2010 **PUBLIC HEARING HELD**

Present: (6) Senators Erpenbach, Carpenter, Robson, Lassa, Lazich and Kanavas.

Absent: (1) Senator Darling.

Appearances For

- Jim Sullivan — Sen.
- Bruce Kruger — Medical Society of Milwaukee County
- Nathan Houdek — WI Association of Health Plans
- Eric Borgerding — WI Hospital Association

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Jordan Lamb — Independent Insurance Agents of Wisconsin
- Robert Cowles — Sen.
- Steve Baas — MMAC
- Pat Kreitlow — Sen.
- Kathleen Vinehout — Sen.
- Jon Richards — Rep.
- Bill Smith — National Federation of Independent Businesses
- Melissa Duffy — The Alliance
- Mindy Walker — Humana

- Jordan Lamb — Professional Insurance Agents of Wisconsin
- Ted Osthelder — Anthem Blue Cross Blue Shield
- R.J. Pirlot — Wisconsin Manufacturers and Commerce

Registrations Against

- None.

Registrations for Information Only

- None.

February 24, 2010

EXECUTIVE SESSION HELD

Present: (7) Senators Erpenbach, Carpenter, Robson, Lassa, Lazich, Kanavas and Darling.

Absent: (0) None.

Moved by Senator Carpenter, seconded by Senator Kanavas that **Senate Substitute Amendment 1** be recommended for adoption.

Ayes: (7) Senators Erpenbach, Carpenter, Robson, Lassa, Lazich, Kanavas and Darling.

Noes: (0) None.


ADOPTION OF SENATE SUBSTITUTE AMENDMENT 1
RECOMMENDED, Ayes 7, Noes 0

Moved by Senator Carpenter, seconded by Senator Kanavas that **Senate Bill 418** be recommended for passage as amended.

Ayes: (7) Senators Erpenbach, Carpenter, Robson, Lassa, Lazich, Kanavas and Darling.

Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 7, Noes 0



Kelly Becker
Committee Clerk

Vote Record
**Committee on Health, Health Insurance, Privacy, Property
 Tax Relief, and Revenue**

Date: _____

418 as amended

Moved by: Carp

Seconded by: Kan

AB _____ SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Jon Erpenbach, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Tim Carpenter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Judith Robson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Mary Lazich	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ted Kanavas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

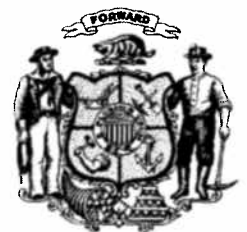
Totals: _____ _____ _____ _____

Motion Carried

Motion Failed



WISCONSIN STATE LEGISLATURE





To: Senate Health Committee

From: Mara Brooks, WDA

Re: SB 418 – Health Care Transparency Bill

Date: February 3, 2010

Due to the fact that, on average, 50% of all patients who enter a dental practice pay for all or a large portion of their care “out-of-pocket”, the profession of dentistry currently operates in a very a consumer-driven fashion. Patients who pay out-of-pocket for their care are very sensitive to the need for transparent pricing and dentists have already responded to those needs. As both providers of dental care and small business owners who struggle to provide for health care coverage for our employees, dentists have a dual interest in this proposal.

We commend the authors for making sure the current language in this bill appropriately reflects the nomenclature and coding that is unique to dentistry. It is routine in the vast majority of dental offices for the dentist to share charges for the procedures being recommended in advance to performing any services. Because they often pay at least a portion of the care out of their discretionary funds, most dental patients are very involved in the decisions and are aware of the specific costs prior to authorizing the procedures.

The WDA does have two remaining issues with the current language of Senate Bill 418:

(1) We recommend line 13 on page 5 of be amended to read: “ 3. The average allowable payment from private, 3rd-party payers with whom the provider has a contract.” The current language seems overly broad and it does not seem reasonable to expect providers to provide an average of 3rd-party payments when they do not have contracts or receive payments from those 3rd-party payer; and **(2) We also recommend the authors remove the requirement that Medicaid certified providers (page 5 lines 9-10) be required to post Medicaid payments alongside his/her current fee schedule.** We believe the posting of the extremely low rates of reimbursement for dental Medicaid services could lead to confusion for the patients and prove to be a disincentive for participation in the underfunded Medicaid program.

We commend the authors and hope that they will maintain the proposal exempting small health care provider groups from the requirements of this bill.





February 11, 2010

The Honorable Jon Erpenbach, Chair
Senate Committee on Health, Health Insurance,
Privacy, Property Tax Relief and Revenue
Room 8 South, State Capitol
Madison, WI 53707-7882

Dear Chairman Erpenbach,

On behalf of the approximately 160 Wisconsin employers who are members of The Alliance, I wanted to share some insights from purchasers on Senate Bill 418, before your committee for a public hearing today.

The Alliance is supportive of SB 418 and its intent to put actionable information about health care costs into the hands of consumers. The Alliance and its members have been working to move the issue of health care transparency forward for many years, **because we know that robust information to compare cost and quality is the cornerstone of improving our health care system.**

However, we also believe SB 418 is only a small step toward empowering consumers to make good health care decisions. It is for that reason The Alliance convened a subset of its members to discuss the proposal when it was first introduced. Here are a few observations that come from Wisconsin employers in regard to the bill and health transparency in general:

1. **Optimally, information about cost should be coupled with *trusted, reliable data on quality***, but employers applaud progress on either front. The Alliance has been working for many years to help its members improve the *value* of health care, meaning that both cost and quality should be appropriately measured and publicly reported.

However, The Alliance has concerns about a proposed amendment to the Assembly Bill 614 substitute that would require providers to make certain quality information available to consumers. We do not believe the amendment as written will accomplish the goal of giving consumers an objective assessment of quality. Allowing providers to choose which quality information to report opens the door to selective reporting of data that paints providers in the best light. We are concerned that this amendment will legislatively institutionalize provider marketing efforts rather than provide consumers with the information they need and deserve.

This is a complex issue. What we (employers, employees and the public at large) need is a reliable and objective source of information we can readily access to **evaluate** and compare providers. We sincerely hope the legislature will work with Alliance employers and other stakeholders as partners on moving this critical discussion forward in a meaningful and effective way.

2. In order for consumers to make informed decisions, there must be a mechanism for **side-by-side comparisons** between providers based on a standardized unit of measurement. The substitute amendment to SB 418 makes progress toward this goal by requiring providers to have on hand a list of standardized charges for each of 25 most common presenting conditions for that type of provider. Of the three cost measures required to be reported under SB 418, employers felt average allowable payment from private payers was the most useful to consumers; the other measures would be of some interest, but less relevant to consumers.
3. Through our work, The Alliance has proven that public reporting of cost and quality information drives health care improvement. We believe transparency legislation should include a **centralized source for the dissemination of easy to understand, publicly reported cost and quality information**. Employers felt it was important that this central source be a neutral and objective entity and that steps should be taken to ensure the integrity of the data being reported.
4. **Wisconsin Health Information Organization (WHIO) is a game-changing asset which deserves support**. Wisconsin payers, providers and purchasers have developed a data asset in WHIO that will significantly advance our ability to measure and *improve* health care value. The Alliance encourages legislators to move this effort forward. State agencies have been involved in WHIO and next year the Wisconsin Medicaid program will add its data to the WHIO database, further enhancing the relevance to consumers across the state. The addition of Medicare data is an important next step. We encourage you to work with our Congressional representatives to make this happen.

Members of The Alliance believe that cost and quality transparency is a prerequisite to creating the magnitude of change needed in health care. We look forward to working with the legislature toward this goal. Please do not hesitate to contact me at 608.210.6621 if I can provide you with any additional information regarding this important matter.

Sincerely,



President and CEO

cc: Senator Tim Carpenter
Senator Judy Robson
Senator Julie Lassa
Senator Mary Lazich
Senator Ted Kanavas
Senator Alberta Darling





Wisconsin Medical Society

Your Doctor. Your Health.

TO: Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief and Revenue
Senator Jon Erpenbach, Chair

FROM: Mark Grapentine, JD – Senior Vice President, Government Relations

DATE: February 11, 2010

RE: Testimony for Information: Senate Bill 418 – Cost Transparency

On behalf of nearly 12,500 members statewide, the Wisconsin Medical Society thanks you for this opportunity to share our thoughts on Senate Bill 418, relating to health care price transparency.

Transparency Generally

Society physicians believe that an informed patient can be better involved in his or her overall health care. While we have some concerns with the bill before you today, the Society strongly supports the need for health care cost transparency as well as efforts to improve patient sophistication so that he or she is able to make better health care decisions.

For transparency to be effective, though, patients need more than cost information alone; data on quality of care is just as important. The combination of cost **and** quality transparency leads to what the Society believes is needed: the capability to assess health care value. With this in mind, the Society adopted the attached Transparency Principles over a year ago, and has been a leader in the Wisconsin Health Information Organization (WHIO): a partnership among providers, payors and patients to establish a robust, effective and useful data repository. Using this data, physicians will be better able to assess performance, which can lead to enhanced quality and therefore increased health care value.

It bears noting that while the Assembly Health Committee has ambitiously added a quality component to its version of transparency legislation (AA2 to ASA1 to AB 614), the Society believes that any effort in this area should utilize national models and standards, such as the Consumer-Purchaser Disclosure Project, which you can read more about at <http://www.healthcaredisclosure.org/>. These discussions are robust and needed; legislation related to quality transparency, without taking into consideration efforts like the Disclosure Project, may not result in the best final product.

The Bill's Requirements May Not Help Patients Assess True Costs

Our preliminary calculations of the bill's effects at this time point toward additional administrative burdens for physicians that potentially outweigh the benefits the information provides the patient. Patients often have extremely complicated conditions with many possible treatment options; while the patient may receive accurate information for what a specific diagnostic test or procedure may cost, the patient may require many tests or services not contemplated at the time of inquiry. The bill accounts for this reality by requiring a price disclosure "assuming no medical complications," but all too often the patient's condition is not simple.

For example, a patient could present to a clinic with a chronic cough. Should a cost estimate be provided when the physician has not yet determined if the patient has a common cold, bronchitis or lung cancer? Forcing estimates of cost before a condition is diagnosed raises questions of that information's utility.

The Bill Will Increase Administrative Costs; By How Much Remains Unclear

The information mandates will increase the administrative burden on clinics and physicians. Maintaining a median charge list of 25 Department of Health Services-specified "presenting conditions" that could change annually is no small task. Fulfilling such requests does not come without additional administrative costs. While Wisconsin has many integrated systems with large numbers of physicians, extensive administrative staff and the latest information technology, many smaller clinics and offices have far less capacity to comply with the bill's mandates. We ask the Committee to consider broadening the practice size exemption from the bill's current "3 or fewer individual health care providers."

The bill's creation of a \$250 penalty for violations is unnecessary and creates yet another area of government bureaucracy. How will DHS determine when forfeitures are justified? Does the legislature really wish to promote more of a burden on the division of hearings and appeals? Should the attorney general's office be tasked with determining whether or not a fine has been paid? Government levying fines on physicians or their staffs working to provide the best health care possible to patients is a misuse of power; this provision should be abandoned.

Side-by-Side Comparison of Government vs. Private Pay May Result in Unintended Consequences

The bill's authors have stated that requiring charge information to be displayed alongside Medicare's reimbursement rates will shine light on woeful government reimbursement that causes overall health care cost shifting to private payors. While the substitute amendment to SB 418 removes the previous requirement to also display Medicaid reimbursement figures, the Society remains concerned that patients will become angered rather than educated upon viewing the disparity in the remaining figures. The unintended consequences of these provisions could be adding tension and anger into the physician-patient relationship.

Thank you again for this opportunity to provide the Society's opinions on SB 418. The Society stands ready to continue collaborations with the state's policymakers on enhancing Wisconsin's health care system.

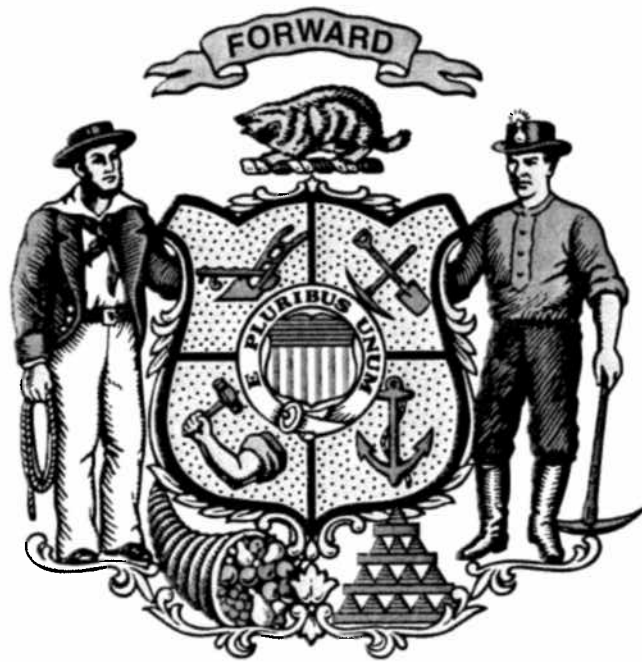
Wisconsin Medical Society Transparency Principles

Approved by the Board of Directors October 11, 2008

- The Society believes the relationship between the Patient and Physician is critical to positive health outcomes. Transparency efforts should not supersede or unnecessarily impact the patient-physician trust.
- The Society believes there is benefit to using a common database of health care information that is aggregated across key stakeholder groups for multiple uses, including quality improvement, population health research, public reporting, financial risk-sharing models and product development.
- The Society believes the value associated with the database is based on the credibility of the data, which results from the collaborative process and methodological rigor applied to these data products. The credibility must be preserved and enhanced as the scope, sources and uses of the data expand.
- The Society believes it is critical to deploy a collaborative system to measure error rates and gaps in the data, as well as performance variations. Stakeholders must commit to correct/improve these conditions over time and thus make fair and reasonable decision on public reporting of information.
- The Society believes that the use of nationally vetted and endorsed measures will serve to decrease variation and allow for improvements in health care delivery.
- The Society believes that Quality and Cost Measurement should be evidence-based and reported together whenever possible for stakeholder decision-making.
- The Society believes that it is essential, for the public good, that the measures derived from the database are reliable, valid and can favorably influence the outcome of patient care.
- The Society believes that a disciplined, neutrally operated appeals/dispute resolution policy, that audits data results and processes used to reach results, must accommodate the database. Further, if an appeal is significant and pervasive in the data, a moratorium on access to and use of the data must be activated until the data is remedied.
- The Society expects that users of the data would commit to the following:
 - o Users will use data in a way that is accurate, meaningful and statistically valid.
 - o Users will openly disclose to the physician community the objectives, measures and methods related to any use of performance data.
 - o Users will work to include the most effective risk adjustment as possible, and any adjustment methods included in the users analysis will be fully described including the limitations of such adjustments.
 - o Users will reference the source of the data and display its imprimatur.
 - o Users will develop and implement strategies for monitoring the impact of the implied uses of performance data that are not unduly burdensome.

Note: These principles do not replace Society Policy DHC-004. They are intended to provide a more general, yet succinct description of the Society's position on Transparency.





SB
418

1126 South 7th Street • Suite 1101A • Milwaukee, Wisconsin 53214 • (414) 475-4750 • Fax (414) 475-4759 • www.medicalsocietyofmilwaukee.org



The Medical Society of Milwaukee County

**“Transparency” in Principle and in Practice: Physician
Perspectives**

By

H. Bruce Kruger

Executive Vice President

Medical Society of Milwaukee County

Before the Wisconsin Senate Health Committee

February 11, 2010

Introduction

Good morning. My name is Bruce Kruger and I am the administrative executive for the Medical Society of Milwaukee County (MSMC), an organization founded over 165 years ago and representing over 3500 physicians and medical students within Milwaukee County. I would like to thank the health committee for the opportunity to share MSMC's perspectives on Price Information Transparency specifically SB 418 and the proposed amendment to that bill.

The topic of transparency is an important one, given the spectrum of challenges faced by our health care system. Studies by the Institute of Medicine (IOM) as well as RAND and the *Dartmouth Atlas of Health Care* are well-known, all pointing to wide variations in care across the country, unacceptably high numbers of medical errors, and medical practice that is often not based on scientific evidence. A recent edition of the *Dartmouth Atlas*, found that Medicare pays hugely disparate sums for care delivered at top teaching hospitals to patients during the last two years of life. That finding confirms yet again that more services—including more time in the ICU and more visits to specialists—do not necessarily mean better quality care for patients, just more expensive care.

The IOM, in its landmark 2001 report, *Crossing the Quality Chasm*, stressed transparency as the key to improving clinical quality as well as achieving better value in the health care system.

We are aware that health insurance plans in Wisconsin are committed to that concept,

and have been diligently working for years to further that goal through the Wisconsin Health Information Organization (WHIO) as well as the Wisconsin Hospital Association's Pricepoint, and the Wisconsin Collaborative for Health Quality (WCHQ). Although all of these organizations are moving in the direction of providing optimal information for patients to make informed choices, the process is also leaving patients without critical financial information that is needed today as they are faced with major economic decisions. As we have witnessed over the past year, reforming health care is a process that is anything but pretty, does not necessarily keep patients and their increasing needs for information as a central focus, and, meanwhile we keep moving in a direction that EVERYONE agrees is not sustainable. I am respectful of Senator Sullivan's approach, the involvement of many constituencies in crafting the legislation, and the incremental approach to achieving more comprehensive transparency. I agree with my colleagues that having quality and outcomes data, as well as price data is the direction in which we must move, however, I respectfully challenge them with the fact that we in healthcare have been moving in that direction since the early 1990's. In the interim, patients have been challenged with higher deductibles, more out of pocket expenses for healthcare and a higher expectation that they will take greater ownership and responsibility for their health. Employers are frustrated that costs continue to increase, the cost curve has no appearance of being bent, and they are left with few to no options. I ask you, how can you make informed decisions and choices with little to no information? What other purchased service has such a low expectation from the purchaser on the possible costs or the economic options? I would submit that there are very few and that is not acceptable.

My testimony today focuses on two primary areas:

- The critical *principles* that guide MSMC to assure transparency, namely that consumers have reliable and useful data to help them choose physicians and hospitals that deliver value-based care;
- The types of government involvement in the transparency process that can have quite beneficial effects for both competition as well as consumers. We wish to stress that all transparency initiative must be carefully designed to assure that they truly provide consumers with useful, understandable information relevant to their health care decisions, while not resulting in public disclosures – especially of sensitive, proprietary data such as pricing and payment terms – that undermine the competitive process and ultimately result in higher costs for consumers. We commend and applaud Sen. Sullivan and his staff for being sensitive to these issues and working with various organizations to assure that this bill is not conflicting with the aforementioned concerns.

The key to health care cost control is that transparency must not be deemed to be an end in itself, but rather a means of providing consumers with relevant, useful information that adds value to their health care decision-making processes. Just as transparency initiatives have the goal of moving consumers towards “20/20 vision” with respect to their health care decisions, those launching transparency initiatives must not

be myopic with respect to the likely consequences of their proposals. Thus, it is incumbent on us to ask the following key questions of every transparency initiative: (1) *how will making information more transparent benefit consumers*; and (2) *will that transparency effort have countervailing, anticompetitive effects, such as higher prices for consumers?*

It is our firm belief that this bill will strongly support the first objective and will not negatively impact issues raised in the second.

Our members are committed to working on a number of initiatives and strategies that improve physician and hospital performance measurement as well as provide consumers with information that helps them make informed, value-based decisions. There is a major push by both public and private stakeholders to promote greater transparency and value-based competition throughout the U.S. health care system, through empowering consumers to be more actively engaged in making decisions – based on reliable, user-friendly data – about their medical treatments and how their health care dollars are spent. Public and private stakeholders have responded to the call. The Centers for Medicare & Medicaid Services (CMS) has posted quality information related to hospitals, nursing homes, and home health agencies, as well as Medicare payment information for common elective procedures and other common admissions by county. More recently, CMS created a voluntary physician quality reporting program. These efforts have a degree of "trickle down" for Wisconsin residents, however, we, as a state must take a more proactive approach to increase the information for patients.

MSMC's Principles of Transparency

MSMC and our members have spoken compellingly over the course of the last several years on the need for transparency in our health care system. These five principles are the cornerstones for MSMC's position statement:

- ***Supporting a uniform approach for the disclosure of relevant, useful, actionable and understandable information to facilitate consumer decision-making and choice.***

Information should be made available patients to permit accurate comparisons of physicians, hospitals and other practitioners. Additionally, information should be disclosed and displayed in a format that is easily accessible and understandable; consumers should be educated on how to use the information as appropriate.

- ***Supporting efforts that advance transparency while preserving competition and basing analyses on objective, agreed-upon measures.*** Consumers and purchasers need accurate information to make more informed health care decisions. At the same time, the disclosure of this information should comport with antitrust guidelines to ensure that vigorous competition continues to thrive in the marketplace.
- ***Recognizing the importance of linking quality and cost of care.*** Disclosure of information about the quality of care which physicians and hospitals provide and costs of services is important to enable consumers and purchasers to evaluate

their health care options, and to enable practitioners to learn how their practices compare to their colleagues' practices in terms of effectiveness and efficiency. At the same time, consumers need assistance in interpreting this information and using these data to make informed decisions. Although the State of Wisconsin is moving in the direction of providing quality information, the effort to provide price information today, should help accelerate that process.

Elements for comprehensive transparency

- **Developing the tools to analyze high-utilization, high-cost services or conditions where variation exists.** The nation needs to build the capacity to analyze certain agreed-upon episodes of care as well as certain services or procedures. Presenting data on episodes of care (e.g., pregnancy) – rather than merely on services (e.g., labor and delivery) – will allow consumers to make more comprehensive and informed assessments. The episodes of care selected should align with conditions which address areas where practice variation exists, have high utilization rates and are known to be cost drivers. This bill will be a significant building block in moving to that objective. Again, incrementalism is an acceptable and necessary tactic.
- **Supporting the disclosure of information for physician as well as hospital services.** To promote continuity of care and prevent the proliferation of silos within the health care system, stakeholders should advocate for the disclosure of physician performance information as well as the disclosure of hospital performance information. This bill lays the foundation for that objective. Our hospital colleagues have been active in this area for a long time and the physician community has lagging that effort. We must keep in mind that a high percentage (60-70%) of health care costs are driven by a physician's pen.
- **Access to price data on specific physicians** A member of many health insurance plans can type in a particular physician's name, specialty, or office address and view a menu of common procedures, and determine the cost of procedures, such as routine office visits or x-rays. We must keep in mind, however, that a high percentage of health insurance is self funded and this information may not be available to those insureds.
- **Access to quality data on physicians:** Members of some health insurance plans can access information on either plan-specific or regional collaborative's websites regarding clinical quality delivered by a specific physician, including indicators based on adverse events, clinical processes, use of health information technology such as electronic medical records, as well as overall efficiency in use of medical services.
- **Access to hospital price and quality information:** Members in many plans may have access to cost ranges for common procedures at hospitals and surgery centers, in some instances separating out doctor fees from facility costs, as well as tools to ascertain the comparable value of those facilities. Since a very high percentage of physicians in Milwaukee County are employed by health systems,

providing a comprehensive, specific pricing for services can compliment the hospital based efforts already underway. The infrastructure and process are already implemented and expanding to accommodate physician pricing should be an incremental cost.

These are reasonable and necessary long-term objectives, but, as we have seen nationally, the ideal can impede the good and SB 418 and its amendment will begin "moving the ball".

Conclusion

MSMC and our members strongly support both competition and appropriate cooperation among all the participants in the health care delivery system. We commend the senate for focusing on this important and necessary topic on behalf of our Wisconsin residents and our patients.

Thank you for this opportunity to discuss this topic with you, and we look forward to continuing to work with the legislature to promote and preserve consumer-friendly, competition-enhancing transparency initiatives.

(Attachment MSMCPositionStatement)<http://nmlm.gov/outreach/consumer/hlthlit.html>



Wisconsin Association of Health Plans

February 11, 2010

**Testimony from Larry Rambo, President
Board of Directors, Wisconsin Association of Health Plans**

**Health Care Cost Transparency
Senate Bill 418, as amended by Senate Substitute Amendment 1**

The Wisconsin Association of Health Plans supports Senate Substitute Amendment 1 to Senate Bill 418 and commends Senator Jim Sullivan and Representative Jon Richards for promoting access to valuable cost information for Wisconsin's health care consumers.

Senate Bill 418, as amended by Substitute Amendment 1, will allow insurers to provide important health care cost information in a way that is understandable and useful to Wisconsin's health care consumers. The Wisconsin Association of Health Plans appreciates committee members' support of efforts to improve health care cost transparency, and we encourage your support of Senate Substitute Amendment 1 to Senate Bill 418.

All Association member health plans currently collect and report information describing the quality of health care services arranged through their plans, and work with their enrollees and group purchasers to determine the best approach for engaging consumers with clear, concise and usable information. By allowing health plans to continue developing best practices in presenting cost and quality information, Wisconsin's health care consumers will have the information they need to make knowledgeable, value-based health care decisions.

Since 2008, all member plans comply with the Association's Transparency Initiative, providing estimates of out-of-pocket health care costs to enrollees who request them. Additionally, many of our member health plans have invested heavily in technology and tools that present cost information to consumers to help them evaluate health care purchases.

Members of the Wisconsin Association of Health Plans remain committed to continually improving the information provided to consumers about health care costs and quality, and we look forward to working with lawmakers on this effort.

The Wisconsin Association of Health Plans represents 16 health plans that, with their affiliated organizations, serve more than 3 million Wisconsin residents.

Member Health Plans: Abri Health Plan • Anthem Blue Cross and Blue Shield • Arise Health Plan • Children's Community Health Plan, Inc. • Dean Health Plan • Group Health Cooperative of Eau Claire • Group Health Cooperative of South Central Wisconsin • Humana, Inc. • Independent Care Health Plan • Managed Health Services • MercyCare Health Plans • Network Health Plan • Physicians Plus Insurance Corp. • Security Health Plan • UnitedHealthcare of Wisconsin, Inc. • Unity Health Plans Insurance Corp.

Wisconsin Association of Health Plans

TO: Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue

DATE: February 11, 2010

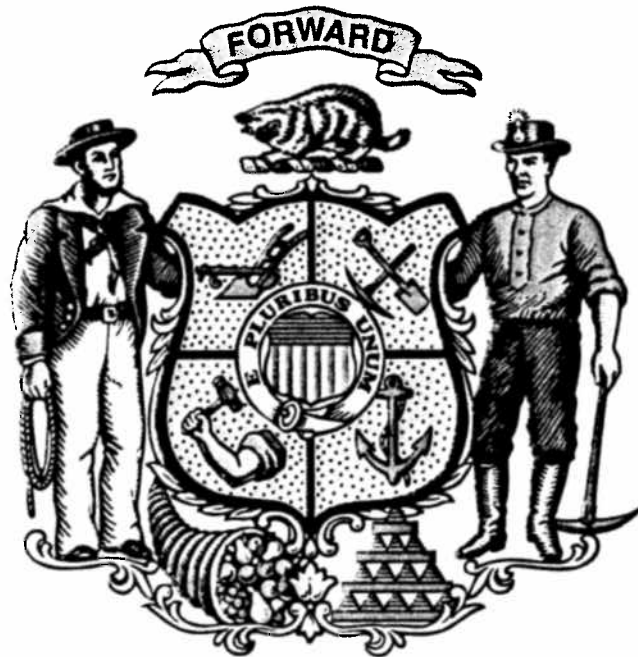
RE: Senate Bill 484, the BadgerCare Plus Basic Plan

The Wisconsin Association of Health Plans appreciates the Department of Health Services' efforts to address the health care needs of the increasing number of Wisconsin residents who are finding themselves without coverage as a result of the current economic downturn. As members of the Assembly Health and Healthcare Reform take action to address the needs of this growing population, we encourage members to consider a number of issues regarding the proposed BadgerCare Plus Basic Plan:

- On top of the \$633 million budget shortfall in the Medicaid program that had to be addressed last year through the MA Rate Reform Initiative, the Legislative Fiscal Bureau recently reported that DHS is facing an additional \$120 to \$150 million shortfall in the BadgerCare Plus and BadgerCare Plus Core Plan programs. With the current budgetary overruns in the existing BadgerCare programs, does it make sense to put additional pressure on valuable resources by implementing a new program with significant financial risk?
- With the administrative challenges of managing the current Medicaid programs, especially given the limited staff resources of the Department, does DHS have sufficient administrative capacity to properly manage a fee-for-service insurance program and ensure that premiums are being collected, claims are being processed, and providers are being reimbursed?
- Access to certain health care services is already a serious problem for many Medicaid enrollees throughout the state, especially in rural areas. Given that provider participation is voluntary under the Basic Plan, how can DHS ensure that Basic Plan enrollees will have adequate access to health care services, while avoiding additional frustrations for enrollees who are paying \$130 per month for coverage?
- Why would individuals who have access to other types of insurance coverage (subsidized COBRA, subsidized HIRSP, individual short-term, etc.) choose to enroll in a program that costs about the same amount – possibly more – but provides inferior coverage compared to other options?
- For an individual making \$21,000 per year (\$1,750 per month), or less, \$130 per month for coverage is a lot of money. How does DHS plan to avoid the situation where only people who have a high need for health care utilization will enroll, thereby putting excessive cost pressures on the program and forcing state officials to increase the monthly premiums, decrease provider reimbursements, or subsidize the program with other funding sources?

From the health plan industry's perspective, the Basic Plan proposal reinforces the argument that, in health insurance, one size does not fit all.

Extending the principles of the Basic Plan to the private market - allowing flexibility in the design of benefit plans, limiting provider reimbursement to Medicaid rates, providing an exemption from all state insurance statutes, etc. - would likely increase the number of employers and individuals who can afford health insurance, reduce the number of uninsured Wisconsin residents, and lessen the burden on the deficit-ridden Medicaid safety net.



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Medical Society of Milwaukee County (MSMC)

Position Statement on Health Care Costs

BACKGROUND

Based on 3 studies, recently published newspaper reports have claimed that the health care costs in Milwaukee are 55% higher than in comparable cities. These studies point to physician reimbursement as a factor in the higher cost of health care in the Southeastern Wisconsin area, while failing to take into consideration other factors that significantly raise the cost of health care. The studies include:

- The William H. Mercer Study of Health Care Costs in the Milwaukee Area released in 2002 stated that health care costs were 55% higher in the Milwaukee area and that this increase could, in part, be attributed to physician fees.
- The U.S. Government Accountability Office (GAO) Report, "Milwaukee Health Care Spending Compared to Other Metropolitan Areas", preliminary results released in August, 2004. The final report "Competition and Other Factors Linked to Wide Variation in Health Care Prices" released in August, 2005.
- The Mercer Human Resource Consulting report "Study of Milwaukee Community Medical Costs", released in March 2005, reiterated the elevated health care costs in Southeastern Wisconsin.

Health care finance is a complex issue. There are many factors outside of the control of physicians that contribute to health care costs. These include advances in health care technology, patient driven costs that could be reduced by leading healthy lifestyles, pharmaceutical advertising and costs, end of life care and an aging population with higher health care utilization rates. The payer/reimbursement system and the competitive health care environment in this part of the state are also significant factors in the cost of health care.

POSITION

The MSMC believes that physicians can participate in decreasing the cost of health care without compromising the quality. While there are many factors outside of the control of physicians, area physicians should work with other participants in the health care community to control costs.

MSMC encourages physicians to:

- Educate themselves about costs
- Understand the consequences of what they order
- Promote efficient use of technology
- Emphasize healthy lifestyles by patients
- Stress early screening
- Use practice guidelines and practice evidence based medicine
- Promote advanced directives for everyone, not just the elderly
- Educate patients on costs
- Prescribe generic drugs whenever possible
- Not accept gifts from pharmaceutical companies
- Teach medical students and residents about costs

- Avoid practicing defensive medicine
- Avoid using too many consultants
- Check patients medical records to avoid duplicate or repetitive tests
- Talk to other physicians treating the patient about getting results of tests they have ordered
- Be more politically active

MSMC RECOMMENDATIONS:

MSMC makes the following recommendations:

- All citizens and residents of Milwaukee County must have equitable access to essential health care.
- Every patient should have a personal physician to coordinate and provide more cost effective care.
- Physicians in Milwaukee County need to be active participants in the discussions on health care costs.
- The discussion on health care costs is not just about quality or cost, but also about value.
- The public, as well as their health care providers, need to take responsibility for health care costs.
- Physicians need appropriate information to assist their patients in making health care decisions related to cost.
- Medicare and Medicaid reimbursement for Milwaukee County physicians needs to be appropriate in meeting the costs associated with the care of patients.
- Physicians are willing to participate in quality measurement activities that will improve health care delivery.
- Health care organizations need to develop an environment where people will come forward to talk about and solve errors.
- There is a need to standardize electronic information in an effort to streamline the care of patients.

Approved by the MSMC Board of Directors, September 6, 2005