



**Testimony of the
New Hampshire Hospital Association**

Senate Bill 392

**Requiring public hearings concerning health care cost increases in health care services
and relative to hospital billing for services to uninsured patients**

House Commerce and Consumer Affairs Committee

April 7, 2010

Good morning Mr. Chairman, Madame Vice Chair and members of the Committee. My name is Steve Ahnen and I am the President of the New Hampshire Hospital Association, representing the state's 32 acute care and specialty hospitals. Thank you for the opportunity to appear before you today.

The New Hampshire Hospital Association and its member hospitals recognize the challenge that rising health care costs and health insurance premiums are causing for individuals, families, businesses, government, health care providers and others. Keeping health care affordable will involve every segment of the health care system – insurers, hospitals, business, physicians, nurses, employers, individuals and even government.

SB 392 requires the insurance commissioner to identify and quantify the factors that contribute to cost increases in health care services and health insurance premiums. You will be hearing more about health care costs later this morning during the hearing on SB 505, "establishing a commission on health care cost containment." With some slight modifications to SB 505, hospitals support the creation of a health care cost containment commission and look forward to working with the commission to study the broad set of cost drivers causing health care costs and premiums to rise. However, creating two simultaneous processes to examine the same issues is unnecessarily duplicative to the extent that there will be two separate entities and processes – the cost containment commission and the Insurance Department – dedicating time and resources to study health care costs. I don't believe the State, nor hospitals, can afford this type of duplication of time, effort and resources.

In addition, we have the following concerns about SB 392:

- SB 392 requires an in-depth analysis of private and public health care payer costs and health care provider costs. However, nowhere in the bill is any mention made of any participation on the part of the NH Department of Health & Human Services, which manages the Medicaid program, nor of the federal Centers for Medicare & Medicaid Services in relation to the Medicare Program. But one of the primary factors contributing to the high rate of health insurance premiums in New Hampshire is the continued underfunding of hospital payments at just over 50 percent of the allowable cost for providing care to Medicaid beneficiaries, and 82 percent of the allowable cost for care to Medicare patients. To make up for these losses from Medicaid, Medicare, as well as losses from the uninsured and those unable to pay their bills, \$500 million is cost shifted annually to private insurance.

And this problem has only worsened since the state cut an additional \$20 million in Medicaid hospital payments through the end of the biennium, and we're expecting additional cuts to be announced any day now due to the state's growing deficit.

- SB 392 provides no context for the information or documents health providers will be compelled to provide the Insurance Department. The bill is vague in this regard and contains no provision for rulemaking that at least would specify the types of information to be requested.

Transparency is an important objective in health care costs and quality, and hospitals support efforts to make our health care system more transparent to their communities. We've taken many steps to achieve this objective. Hospitals created NHPricePoint, a website that allows consumers to search online to determine the cost of many inpatient procedures. Additionally, hospitals are working to post the cost of the most common outpatient procedures on their individual websites. The Insurance Department created the NH Health Cost website which provides information derived from healthcare provider claims. Hospital financial statements are submitted annually to the Department of Health & Human Services and the Office of the Attorney General. And hospitals in New Hampshire are providing information about the quality of care provided to their patients through NHQualityCare.org.

- SB 392 contains a fiscal note that we believe does not take into account the significant cost to implement the type of research and analysis described in the bill. Only those costs associated with hiring a hearing officer to manage 48 public hearings per year are listed. However, there is no mention of the cost to support the analytical work to be conducted which includes:
 - identifying variations in the price that health carriers pay for health care services;
 - undertaking further analysis to determine whether the observed price variations correlate to:
 - the quality of care,
 - the sickness or the complexity of the population served,
 - the relative proportion of patients on Medicare or Medicaid that are served by the health care provider,
 - the cost to the health care provider of delivering the service, or
 - the relative proportion of free or reduced care provided to the uninsured.

- and, analyzing the utilization of health care services and payment methodologies, including innovative payment systems, to determine the effect of those methodologies or payment systems on utilization, cost, and quality of care.

These studies are by no means simple tasks and will require a considerable amount of funding to support this work. Since the NHID is self-supporting, the funding would have to be generated from the insurance premium tax, thereby shifting an additional cost to employers' premiums.

- The Insurance Department does not regulate hospitals and health care providers. Rather, hospitals fall under the regulatory authority of the NH Department of Health & Human Services. We do not believe this bill is the appropriate venue for a full and balanced discussion of these important issues.

Finally, Section 2 of SB 392 contains a provision regarding hospital rates for uninsured patients. There are two important points that need to be addressed on this provision. First, for the past five years, New Hampshire's hospitals have come together under the "Hospital Access Plus" program to voluntarily provide discounts to uninsured patients, and hospitals are working to further improve that program to increase those discounts to more closely approximate those of privately insured individuals. Second, a provision in the recently passed federal health reform law requires hospitals to provide discounts that reflect insurer discounts. Therefore, there's no need for this section in the bill.

Mr. Chairman, Madame Vice Chair and members of the Committee, we believe that, in light of the work envisioned by the health care cost containment commission envisioned by SB 505, consideration of this bill is premature and would encourage you to find SB 392 inexpedient to legislate.

Thank you for the opportunity to appear before you today to share our views on Senate Bill 392. I would be happy to respond to any questions you might have.