

Oregon State Legislature
Oregon State Capitol
House Committee on Consumer Protection and Government Efficiency 3/11/13
900 Court Street NE
Salem, OR 97301

Sent via electronic transmission to committee administrator at: bob.estabrook@state.or.us

RE: HB 2848, Personal Injury Protection Medical Services - NAMIC's Written Testimony in Support of Proposed Legislation

Dear Representative Holvey, Chair; Representative Lively, Vice-Chair; Representative Richardson, Vice-Chair; and members of the House Committee on Consumer Protection and Government Efficiency:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to the committee for the March 12, 2013 public hearing. Unfortunately, I will be in another state at a previously scheduled legislative meeting at the time of this hearing, so I will be unavailable to attend. Please accept these written comments in lieu of my testimony at the hearing. This letter need not be formally read into the committee hearing record, but please reference the letter as a submission to the committee at the hearing.

NAMIC is the largest and most diverse property/casualty trade association in the country, with 1,400 regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders and writing in excess of \$196 billion in annual premiums that account for 50 percent of the automobile/ homeowners market and 31 percent of the business insurance market. More than 200,000 people are employed by NAMIC member companies. NAMIC has 143 members who write P. & C. Insurance in the State of Oregon, which represents 45% of the marketplace.

HB 2848 states, "if a provider bills an insurer within 60 calendar days after the date of service, expenses for medical, hospital, dental, surgical, ambulance and prosthetic services are presumed to be reasonable and necessary unless the insurer notifies the provider of a denial of the charges not more than 60 calendar days after the insurer receives from the provider notice of the claim for the services."

On behalf of NAMIC's members, we respectfully *support* the proposed legislation for the following reasons:

1) HB 2848 will expedite the settlement of Personal Injury Protection Insurance claims, which is in the best interest of insurance consumers, medical providers, and insurers -

Timely processing of medical bills is important to insurance consumers, medical providers, and insurance companies. In order for medical bills to be promptly paid, service providers must be prompt in their billing of medical services to insurers, so that claims adjusters have appropriate time to review the medical charges, secure explanations of the medical services, and issue timely payment. HB 2848 will encourage prompt medical billing (within 60 days of the date of the service), because the medical provider's presumption of reasonableness and necessity of the medical services and medical charges will be conditioned upon the timely submission of the bill to the insurer for review, evaluation, and payment.

The proposed 60 day billing requirement is neither burdensome nor unreasonable, because most medical providers and business vendors utilize a 30 day billing cycle, where bills are sent promptly or within 30 days to facilitate timely collection of the payment and the closing of the billing ledger.

2) The proposed legislation promotes efficient and cost-effective medical billing and insurance claims payment administrative practices –

Timely processing and submission of medical bills saves service providers and insurers from having to engage in unnecessary administrative "paper shuffling". It is a general principle of business accounts payable/receivable that the more time one spends handling and re-handling a file or bill, the less cost-effective they are in the processing of the claim. Moreover, delays in the submission of medical bills leads to wasted resources for the medical provider, because of the "time value of money". A payment today is worth slightly more than a payment in 90 days and even more than a payment in 180 days. Requiring medical providers to be timely in their billing is clearly a requirement that promotes the economic best interest of medical providers. HB 2848 will provide insurers and medical providers with a timeline and an economic incentive to get the medical services bills processed, reviewed, and paid in a timely and efficient manner.

3) HB 2848 will help protect insurance consumers from being billed for unnecessary medical services and/or medical services that exceed the coverage limits of the PIP insurance policy –

Personal Injury Protection (PIP) insurance coverage is purchased by consumers with set policy coverage limits, so once the consumer has used up the full amount of their coverage limits the consumer is personally liable for all future medical services provided and billed. Therefore, it is in the best interest of the insurance consumer to have his/her medical provider submit bills to the PIP insurer in a timely manner, so that the insurance consumer can be kept up to date on the current amount of remaining PIP coverage limits.

When a consumer establishes a routine of seeing a medical provider for regular medical services, it is easy for the consumer to lose track of the amount of medical services billed and paid, and the amount of insurance coverage left before the consumer is “out of pocket” (i.e. personally liable) for the medical costs. The 60 day billing provision in HB 2848 will make it less likely that consumers will be surprised by “out of pocket” medical bills that they may not be able to afford.

For the aforementioned reasons, NAMIC respectfully requests that the committee VOTE YES on this pro-insurance consumer, pro-medical provider, and pro-insurance company medical billing efficiency legislation.

Thank you for your time and consideration of NAMIC’s written testimony. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you have any questions pertaining to my written testimony.

Respectfully,

A handwritten signature in black ink, appearing to read "Christian J. Rataj". The signature is fluid and cursive, written in a professional style.

Christian J. Rataj, Esq.
NAMIC’s Western State Affairs Manager