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I'd like to submit written testimony in favor of SB 686 and HB 3160 that would include health insurance companies in the Unfair Trade Practices Act.

I worked as a medical group Administrator for the practice Women's Clinic, PC for five years from 2003-2008. During that time the practice purchased specialized software that tracked whether payments for services paid by insurers were made according to their contractual agreement with the practice. What I discovered was that commercial insurers, HMOs and PPOs, did a very poor job in making accurate payments for services. Sometimes the amounts were large, hundreds of dollars for a single OB delivery or surgery, but more often small amounts in the \$1-\$5 range. These errors were made by nearly all of the commercial health plans my practice contracted with. The software also tracked overpayments and curiously these were very rare. One would think that if incorrect payments were random that there would be as many over payments as underpayments, but that was NOT the case.

When I brought the issue of chronic underpayments to the attention of the health plans, most of them tried to deny that it was happening or tried to excuse it as a filing error. I had to be very persistent to get these plans to even admit to their constant errors. I had to provide spreadsheets with all the claims information, expected contract payment, actual payment and the difference. Then it was a time consuming struggle to get them to reprocess the claims and make a correct payment. It was very time consuming for my billing staff as well to have to deal with these incorrect payments. Although some of the underpayments were small, I kept thinking about the big dollars the health plans were able to keep that was not their money as they were probably underpaying other medical practices in the community. During the five years at Women's Clinic I worked on my own personal campaign of trying to inform other medical group practices that this was happening to them. Some did manual audits of their claims (a VERY time consuming process) and discovered many underpayments.

The Preferred Provider Organizations (PPOs) were the worst offenders. Due to the complex nature of the PPO structure, the PPO does the contracting but the individual payers within the PPO make payments to the physician practices. After a lot of frustrating work with trying to get the PPO payers to admit to their errors, I asked the administrator/CEO of one Portland area PPO if they ever audited the payers to make sure they were paying physicians according to their contracts and she told me, "It's up to the doctors' offices to make sure they are being paid correctly." She was not interested in ensuring the payers the PPO contracted with were following their contractual obligations. And why should she be concerned? I had no recourse other than terminating my contract with the PPO which was about 10% of the practice's business.

I brought this underpayment issue to the attention of the Oregon Medical Association and enlisted their assistance in helping medical group managers become savvier in dealing with health plan contracting and payment issues.

What I was most frustrated with throughout my struggle to ensure my practice was being paid correctly by the health plans was that I had absolutely no recourse in dealing with the problem. One might ask why this was not dealt with through contracting, but due to the fact nearly ALL the plans the practice contracted with were involved in underpayments I would have had to terminate all of the contracts and the practice could not have stayed in business. The Insurance Commissioner was not interested in hearing any complaints from anyone other than individual patients. Enlisting the help of patients in a

complicated issue such as this was not realistic or possible. Having recourse through the Unfair Trade Practices Act would have helped the situation.

I know there are a number of the large practices in the state that use the software Medical Present Value that allows the practice to track underpayments from insurers. Those practices would be able to testify about the current problem and if the insurance companies have done anything at all to eliminate the problem of underpayments.