



March 18, 2015

The Honorable Mitch Greenlick
Chair, House Committee on Health Care
State Capitol
Salem, Oregon 97301

RE: House Bill 3018, Out-of-network cost sharing limits

Dear Representative Greenlick and members of the committee:

Providence Health Plan has negotiated with providers to create an excellent network for its commercial health plan membership, which now numbers over 150,000 members. We offer multiple plan options designed to appeal to a wide variety of individual needs and circumstances. Our members value these options, and we encourage the committee to oppose House Bill 3018 because it will limit our ability to offer Oregonians these choices.

We are concerned that HB 3018 would effectively dismantle the preferred provider organization (PPO) model that has evolved over the last several decades to provide better health care pricing for consumers. An insurer's ability to establish high quality, integrated networks through contracts with individual providers is a key mechanism for controlling costs and fostering high quality health care. Eliminating differential cost-sharing between contracted and non-contracted providers will leave a member with no incentive to seek out a contracted provider and thus runs contrary to the managed care concept.

While the bill permits an insurer to charge a processing fee to non-contracted providers, we do not believe the amount of the fee is adequate to ensure robust provider participation in our networks. Without that participation, we believe the bill would effectively mandate that health insurers revert to a non-negotiated, billed-charges model that has proven inefficient and unsustainable.

We are also concerned that the bill runs contrary to state and federal health reforms. As you know, multiple state and federal mechanisms are in-place or under development to further the Triple Aim. These efforts include, but are not limited to, network adequacy regulation, quality improvement strategies and new payment strategies. All of these efforts build on the existing managed care structure and are meant to protect access and affordability for consumers.

Thank you for the opportunity to provide feedback on House Bill 3018.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Dreyfuss". The signature is written in a cursive, flowing style.

Stephanie Dreyfuss
Regional Director, Network Development
Providence Health Plan