



May 1, 2015

To: House Health Care Committee

Re: SB 901

Dear Honorable Chair Greenlick and Committee Members:

I am writing as the CEO of Options Counseling and Family Services, an organization that operates mental health and family preservation services in eleven Oregon counties. We serve children, families and adults with an emphasis on services provided in homes and community settings. Options providers see over 4,000 individuals and families each year, providing critical supports to keep people out of hospitals, residential settings and foster care.

I am writing in support of SB 901, which requires insurers to reimburse providers directly for health care services.

Several health insurers will only send payment to the policy holder when a provider is not on their preferred provider panel. This practice is also commonly applied when the insurance company is acting in the role of third party administrator (TPA) of benefits for other organization, such as the state, school districts or large corporations that self-insure. This practice has a demonstrable negative effect on both providers of service and on clients, especially children. Listed below are the circumstances we are finding:

- Child patients with an estranged parent as policy holder, who receives checks for child's treatment and will not pay the bill
- Child patient with parent in poverty, who cashes the check, but later can't pay the bill
- Adult client who does not understand why they are receiving a check and spend the money, then can't pay the bill
- Occasionally, an adult who knows they will receive a check, and seeks treatment in order to generate immediate cash

For example, Options recently provided services to a child in Salem who, as a requirement of a divorce decree, was listed on his father's health insurance. This child is also on the Oregon Health Plan. As one would hope, Options is

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required to bill his father's insurance first, and OHP is only responsible for the balance. Due to the insurance company's procedures, the check for over \$3,000 in services was sent to the father. This father does not choose to have contact with his child, and lives in another city. The father cashes the checks, and has not responded to attempts to collect the money. As an agency, we are faced with the choice of billing the custodial parent, who does not have the resources to pay for treatment, or continuing to see this child for free, while subsidizing the father's income with further insurance checks. While debt collection agencies are a possible resource, many of the people involved are judgment-proof, and utilizing such resources are counter-productive to the agency mission of alleviating suffering for people without adequate resources.

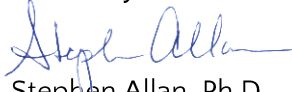
I would estimate, based on the latest report from our billing system, that Options will write off between \$30,000 and \$60,000 in lost revenue this year.

It is important that this bill also address the payment of benefits by one administrator on behalf of self-insured or trust funded benefits programs. For instance, Regence applies this practice to benefits administered for the state of Oregon. This legislation will only be a partial solution, unless it applies to third party administrators as well as insurers.

The fact that this bill has been structured to delay the effective date until 2017 is disappointing. Certainly, it is acceptable if it is the cost of achieving a compromise. It will leave a system with unintended consequences for children, patients and health care providers in place longer for an extra year.

Please provide your support to a solution to this issue, effective as soon as politically possible.

Sincerely,

A handwritten signature in blue ink that reads "Stephen Allan".

Stephen Allan, Ph.D.
CEO

cc: Oregon Alliance of Children's Programs