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On Behalf Of:
Committee: Joint Committee On Information Management and Technology
Measure, Appointment or Topic: HB4054

I was formerly a contract fiscal analyst with the Oregon Health Authority.

This bill is flawed as written, and I urge , but to provide some context: "upcoding" is the practice by which hospital staff are trained to select more lucrative billing codes for services even if medical necessity does not warrant it. An excellent overview of this abuse was a crowdsourced investigation by KFF Health News called "Bill of the Month" summarized by physician and journalist Elizabeth Rosenthal in her book "An American Sickness." One Hospital charged \$2,659 to use tweezers to remove a toy from a child's nostril (Medicaid typically pays \$110). This was because urgent care ran out of the the right size tweezers so they walked next door and borrowed a pair from the Emergency room, so the bill got upcoded to state the ER doc and not the urgent care doc removed the tweezers and this was done with upcoded tweezers.

Obviously insurers want to cut down on the practice, which benefits Oregonians because it holds down premiums, but because insurers aren't in the room during procedures, it's hard to detect Upcoding. Most cases of upcoding are detected by consumers with high deductible health plans, but for providers, the billing function and the medical services function is usually divorced - most physicians have no idea how the billing is done (confirmed by a study at Providence Hospital in Portland in 2012). My experience at OHA is there is a tendency by staff (including the proposers of this bill) to view insurers as the Baddie and providers as the Goodie - but with large health systems, this isn't always the case.

AI is an ideal solution for insurers to detect patterns of fraud and upcoding by providers. Best practice would be to use AI and algorithms to flag possible upcoding for human review. This bill is unnecessary for this scenario because the downcoding has human review. A simple statement with the claim remittance documenting the reason for downcoding would suffice. If the statement included a message "XX algorithm by SEA Systems was used in the process of downcoding," it would tip off medical fraudsters to the audit detection techniques used by insurers

The scenario this bill attempts to address is when an AI robo-downcodes a procedure without human review, and this bill promotes the biller to review the downcoding for accuracy. This bill makes sense in this scenario. If this bill was amended to only address this scenario a likely outcome is insurers would introduce a human review procedure in all downcoding to avoid having to comply with this bill - which is what I think the bill drafters want as an outcome.

