

MaineHealth

**Testimony of Katie Fullam Harris
MaineHealth
In Strong Support of LD 1407
“An Act to Amend the Maine Insurance Code Regarding Payments by Health
Insurance Carriers to Providers”
Sponsored by Representative Anne-Marie Mastraccio**

Senator Bailey, Representative Perry and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Katie Fullam Harris, of MaineHealth, and I am here to testify in strong support of LD 1407, “An Act to Amend the Maine Insurance Code Regarding Payments by Health Insurance Carriers to Providers.” This bill will take an important step towards creating a level playing field between health care providers and health insurance carriers in Maine.

The Problem

Private and commercial health care payments systems are primarily based on the HIPAA required coding and data sets, which are periodically updated. As a result, most contracts between health care facilities and health insurance carriers allow for mid-contract policy changes to adjust coding in alignment with mid-year changes made by the AMA, NUBC, and other governing bodies. Mid-year changes made by these entities are generally technical in nature, and they have never represented material changes to payments.

In recent years, health insurance carriers have begun implementing mid-contract policy changes that have a material financial impact on providers. In other words, we negotiate a contract with a carrier, develop an annual operating budget based upon the agreed upon contractual terms, then the carrier unilaterally issues a policy change that materially changes the amount we are paid for the service. In some instances, the changes are clinical in nature, but often with a financial implication. In other cases, they are strictly financial reductions. In all cases, they represent an unpredictable environment in which to treat patients and ensure financial stability for our future.

How LD 1407 Would Help

When a carrier implements a mid-contract policy change, health care providers are left with two formal options:

We can appeal the change to the carrier, with no enforcement entity overseeing the appeal. Or we can choose to terminate our contract. The “appeal” process is often ignored by the carriers. For example, only 9 of the 46 policy appeals filed by MaineHealth resulted in suspension or retraction of the objectionable policy, and 3 of those only after a termination notice was issued. And it’s fair to assume that we all agree that contract termination is a major and highly disruptive step.

This bill intends to provide a middle ground by doing the following:

1. It amends the statute governing notice of amendments to provider agreements to provide a formal opportunity for a provider to object to policy change, including the estimated financial impact of the change on all providers in the state.
2. If a provider objects to the policy change, the bill provides an 18 month window before the change can take effect unless the provider and the carrier reach agreement on the change before the 18 months has expired.
3. It provides for oversight of this process by the Superintendent of Insurance.
4. It restricts the authority of a carrier to retroactively deny a previously paid claim to no later than 24 months from the payment date. At present, there is no limit on carriers' ability to retroactively deny claims for certain circumstances.

These are relatively modest changes that would provide stability to our health care system in Maine. Maine's hospitals and other health care providers are under tremendous strain due to labor shortages and the financial challenges of maintaining access to high quality care in this environment. It is also noteworthy that nearly all of Maine's larger hospitals are struggling financially, while insurance carriers continue to post record profits. This bill would address the unreasonable situation in which we are being forced to chase down unilateral policy changes and weather the impact of financial reductions that were not contemplated in our contract negotiations.

Thank you, and I would be happy to answer questions.

