

# SENATE BILL REPORT

## SB 5265

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As of February 15, 2013

**Title:** An act relating to transparency in patient billing.

**Brief Description:** Regarding transparency in patient billing.

**Sponsors:** Senators Mullet, Benton, Rolfes, Nelson, Hatfield, Keiser, Hobbs, Shin and Kline.

**Brief History:**

**Committee Activity:** Health Care: 2/14/13.

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### SENATE COMMITTEE ON HEALTH CARE

**Staff:** Mich'l Needham (786-7442)

**Background:** Some consumers have experienced difficulty getting an estimate for health care costs in advance of services that is valuable in calculating possible out-of-pocket expenses or comparing choices of health care providers or facilities. Legislation passed in 2009 required health care providers and health care facilities, except hospitals, to provide an estimate of fees and charges upon request, and to post a sign indicating that estimated charges are available upon request.

Hospitals must provide patients a statement upon discharge indicating which providers commonly provide services in the hospital and from whom the patient may receive a bill, with contact phone numbers. In an effort to provide transparency for patients, the Washington State Hospital Association developed a hospital database with information on charges and utilization for each hospital and common procedures. The database is searchable and allows comparisons of facilities.

Legislation passed in 2012 required provider-based clinics that charge a facility fee to notify patients that they may receive a separate billing for the facility fee. Each health care facility must post a statement that the clinic is licensed as part of the hospital and the patient may receive a separate billing for the facility fee that may result in a higher out-of-pocket expense. The amount of the fee is not required to be disclosed.

**Summary of Bill:** Health care providers and health care facilities, including hospitals, must provide a meaningful estimate of fees and charges that can assist the patient in understanding charges that may be owed prior to meeting a deductible, upon request. Providers and

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facilities must post charges for common procedures on their website. The charges must be displayed for an uninsured consumer and for consumers covered by the provider's top three carriers as determined by enrollment. The charges must include the separate facility fee if applicable.

The Department of Health must monitor the development and implementation of the consumer information and report to the Legislature on the progress in providing consumer transparency.

Beginning January 1, 2014, provider-based clinics that charge a facility fee and hospitals must post the facility fee charges on their websites.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: I have provided a proposed substitute that reflects feedback from stakeholders to focus the reporting of charges for the uninsured. My experience in Singapore with their health care system that was transparent for both costs and quality of care moved me to try and improve the transparency for patients here. It is very difficult to find out the price of care to help make informed decisions. My employees have \$2,500 deductible, and they are very interested in knowing how much care will cost and having the ability to compare different care sites. They should be able to find information on the site for that care facility or provider, and not be expected to look for an organization they don't know. Small business and employees have a very difficult time getting information. This bill builds on the 2009 legislation to help consumers and the proposed substitute addresses any anti-trust concerns of sharing competitive pricing information. As a medical provider I understand the billing but I have been astounded by the billing experiences we have run into with my wife's cancer treatments. The billing approaches are not transparent and seem like fraud. The facility fees are never disclosed until the billing comes so there is not an opportunity to choose providers that may not be charging the additional fees. There is no accountability for the fees and billings and providing some transparency for patients would help bring about some accountability and cost controls.

CON: We believe the patient should get billing information from their insurance carrier. As a provider we do not have access to the patient's complete benefit coverage, co-pays, and deductibles so we can provide a reasonable quote for their out-of-pocket costs. It is unclear how it is beneficial to the consumer to provide quotes that are not relevant to their out-of-pocket expenses. The terms in the bill could be clarified. It is best to use the insurance carriers' cost calculators. We want subscribers to make thoughtful decisions. The hospital association has built a comprehensive tool that includes information on 500 procedures and allows comparisons across hospitals. The full price for charges is available now. Hospitals also provide a brochure on consumer billing, but it is important to note that there is not one price. We provide free or discounted care for uninsured people on a sliding scale based on

income. It is very rare for an uninsured person to see elective surgery since they first need to find a surgeon that will take them.

The Affordable Care Act is built around the competitive private sector and at the core of the competition is the proprietary pricing that should not be shared. All the major carriers have tools to help consumers estimate cost and quality, specific to their benefit package. We would prefer that the approach of posting information on the website not be mandated and allow the private sector innovations to continue to evolve. We appreciate the intent of the bill but believe the tools are most appropriately attached to the insurance benefit package. We support transparency for the patient so they can begin to understand that an ambulatory surgery center is paid 40 percent less than a hospital for the same procedures. It is more cost effective but it is not practical to provide the customer an advance billing estimate since the surgery billing varies with time and current procedural terminology codes cannot be determined until after the surgery.

OTHER: We support the intent of providing transparency but we have some concerns with the impact on providers. It might be better to incentivize the consumers to use the information that is available and continue conversations on approaches that might improve transparency.

**Persons Testifying:** PRO: Senator Mullet, prime sponsor; Patrick Connor, National Federation of Independent Business; Ronald Brazg, MD, citizen;

CON: Melissa Johnson, Physical Therapy Assn. of WA; Katie Kolan, WA State Medical Assn.; Mel Sorensen, America's Health Insurance Plans; Cassie Sauer, WA State Hospital Assn.; Len Sorrin, Premera Blue Cross; Chris Bandoli, Regence Blue Shield; Emily Studebaker, WA Ambulatory Surgery Center Assn.

OTHER: Matt Canedy, Assn. of WA Business.