Senate Banking and Insurance Committee

Senator Donald C. White, Chair

Senate Bill 594, Printer's No. 1943

May 6, 2014

Testimony of Sandra K. McCuen, PT

As a physical therapist and the Reimbursement Specialist for the Pennsylvania Physical Therapy Association (PPTA), I have the opportunity and responsibility to interact with the payer community in Pennsylvania. This responsibility has included discussion on patient cost sharing. It has never been the intent of the physical therapy community to eliminate cost sharing. However the evolving levels of cost sharing are now resulting in cost shifting to the patient and are creating a barrier to patient access to physical therapy care.

I routinely hear from members of the PPTA that their patients are unable to complete their plans of care because of high cost sharing. In some payer structures the patient is paying 100% of the of the fee schedule amount set by the payer. This is not cost sharing. This is risk abandonment by the payer and it limits patient access to medically necessary care.

Payers are making public statements that decreasing cost sharing for patients will increase premiums and will have no positive effect on downstream health care costs. However, many payers are developing treatment models for certain high cost conditions that, through elimination or bundling copays, incentivize patients to participate in conservative physical therapy care. These cost containment models clearly demonstrate that payers recognize that unreasonably high cost sharing is a barrier to patient participation in evidence based care.

Here are examples that illustrated this recognition by payers.

- Geisinger Medical Spine Management Program
    - Includes a bundled physical therapy benefit
    - Allows the Geisinger patient member 5 physical therapy visits for 1 copay "in order to increase member access and promote conservative therapy"
- UPMC Copay Bundling for Low Back therapy
    - "These patients will be responsible for ONLY ONE COPAY for as long as the patient needs to be seen."
- UPMC Hip and Knee Joint Replacement Bundled Payment
    - Bundled payment requires pre-op physical therapy
        - If the patient does not comply the surgery is delayed
    - Bundled payment requires physical therapy on the day of surgery

- The hypothesis they are testing is that decreasing the patient's cost sharing will increase compliance with the evidence based protocols and decrease total health care costs

On the issue of decreased patient cost sharing resulting in increased utilization and premium hikes, commercial payers have been unwilling/reluctant to share physical therapy utilization data that would support either of these assertions. If we look to Medicare, where there is more transparency with data, therapy, including PT, OT, and SLP, accounts for only 2.6% of the total dollars spent on medical services. And with original Medicare there is no yearly visit or dollar cap if the physical therapy care is medically necessary. For most policies commercial policies have front end hard limits on yearly visits caps and many have additional case management of these limited visits.

For these reasons the PPTA challenges the payer assertions that decreasing cost sharing will result in increased utilization and the need for premium hikes.

Sincerely,

Sandra K McCuen, PT
Reimbursement Specialist, PPTA

Pennsylvania Physical Therapy Association

4646 Smith Street
Harrisburg, PA 17109.1525
717.541.9169
1.800.962.PPTA
717.541.9182 FAX
PAPTASSN@aol.com
www.ppta.org

A Chapter of APTA
American Physical Therapy Association

To: Senate Banking and Insurance Committee Chair Donald C. White and Committee Members

From: Pennsylvania Physical Therapy Association ("PPTA")

Re: SB 594, PN 1943, Precedents in Pennsylvania Statutes Regarding Language in SB 594 Involving the Pennsylvania Department of Insurance in Determining "Reasonable Cost Sharing"

Date: May 4, 2014

The PPTA respectfully submits this additional written testimony and requests that it be made part of the official record in connection with the hearing on SB 594 by the Committee on May 6, 2014.

The PPTA, in seeking to work with the Committee, Members and other parties of interest have agreed to amended language for SB 594 relating to the determination of reasonable cost sharing relating to copayments and coinsurance. The PPTA is not opposed to cost sharing but, based on the experience of its physical therapist provider members and their patients, copayments continue to escalate to the point that the process has really become "cost shifting" instead of "cost sharing", falling hardest on the patients.

The effect of high or excessive copayments have created a barrier to access for appropriate care to many patients of physical therapy who, for example, need medically necessary rehabilitation, after sustaining an injury or undergoing surgery to their musculoskeletal system. While there has been much resistance to SB 594 from the insurance industry in its former version, the PPTA, in working with the Committee, and based on its research into the insurance laws of Pennsylvania, determined that the language now in SB 594, PN 1943, utilizing the insurance laws of Pennsylvania and the Department of Insurance to regulate the question of "reasonable cost sharing", has had a good deal of precedent in Pennsylvania law (and for that matter in many jurisdictions throughout the United States). For example, your attention is directed to review the Drug and Alcohol Act, 40 Pa. Cons. Stat. § 908-6(a) (2013), which gives the Insurance Commissioner authority, in certain cases, to determine reasonable deductible and copayment plans for benefits paid on behalf of patients undergoing abuse and dependency treatments. Also, the Department has authority under Pennsylvania Primary Health Care Programs, to establish and adjust the levels of [these] copayments in order to establish reasonable cost sharing and to encourage appropriate utilization of these services. See for example, 40 Pa. Cons. Stat. § 991. 2311 (F.2). In general, the Pennsylvania insurance laws establish numerous instances of limitation and regulation of copayments, deductibles or coinsurances. See also, Pennsylvania Medical Foods Insurance Coverage Act 40 Pa. Cons. Stat. § 3906(a) (2013).

Similarly, the control, regulation or limitation of copayments exist in a number of other states' insurance laws. See for example Preferred Provider Insurance, GA. Comp. R. & Regs. 120-2-44.04 (2013), which holds that copayments, if applicable, "Shall be reasonable in relation to the covered benefits to which they apply, shall serve as an incentive, rather than a barrier to access of appropriate care and shall not work so as to unfairly deny necessary health care services". The Illinois Comprehensive Health Insurance Plan Act, and relating to coinsurance, deductibles and copayments, gives authority to a Board under the Act to establish such levels in connection with health care coverage. See 215 ILL. COMP. STAT. 105/8 (2013). See also the Washington State of Insurance Commissioner's, ruling on impermissible cost sharing on prescription drugs dealing with unreasonable restrictions as a barrier to treatment 12-21 Wash. Reg. 19 (2012).

These examples are but a few from other states where the state insurance laws, together with the various Insurance Departments or Boards are, similar to Pennsylvania, involved in the cost sharing issues with deductibles, copayments or coinsurance. Accordingly, the language of SB 594, Section 4, has considerable precedent, not only in Pennsylvania but also throughout the United states as a means to address the issue of establishing reasonable cost sharing.

Thank you for the opportunity to submit this testimony.

George Waite, PT, DPT, President
Pennsylvania Physical Therapy Association

PPTA
Pennsylvania Physical Therapy Association

4646 Smith Street
Harrisburg, PA 17109.1525
717.541.9169
1.800.962.PPTA
717.541.9182 FAX
PAPTASSN@aol.com
www.ppta.org