ILLINOIS STATE MEDICAL SOCIETY

Resolution 02.2019-30
(A-19)

Introduced by:	Clarence W. Brown, Jr., M.D. and A. Jay Chauhan, D.O., ISMS Members
Subject:	Cost of Unpaid Patient Deductibles on Physician Staff Time
Referred to:	Council on Economics

Whereas, physicians in the U.S. are faced with increased administrative burdens and burnout related to new payment models from insurance companies and regulations from the federal government that already lead to less time with their patients; and

Whereas, these new models also put more burdens on patients in the form of higher out-of-pocket costs as employers, health insurance companies and government health programs move to higher deductible health plans; and

Whereas, it's these high deductibles woven into insurance contracts with providers that are creating a new and growing administrative burden for physicians when the doctor is forced to track down the unpaid portion of the care not covered by the health plan; and

Whereas, because the size and scope of the deductible is created by the insurance company in their contract, the physician shouldn't be forced to spend physician and practice staff time tracking down a portion of a payment created by the health plan's reimbursement formula. That should be the responsibility of the insurance company; and

Whereas, the percentage of large employers offering a high deductible health plan is projected to increase from 80% this year to 92% in 2019, according to a survey of 170 large employers by the National Business Group on Health; and

Whereas, four in ten, or 39%, of employers offer a high-deductible plan as the only option for their workers, the same National Business Group on Health survey shows; and

Whereas, the American Hospital Association reports uncompensated care costs are rising in part due to patients paying higher out-of-pocket costs from high deductibles. In 2016, the AHA's most recent report, shows uncompensated care costs rose to $38.3 billion in 2016 from $35.7 billion in 2015; and

Whereas, on November 20, 2018, the Chicago Medical Society adopted policy stating that insurance companies be required to pay the full fee negotiated on the physician's contract with the health plan; the new CMS policy further opposes any contracts with health insurance companies that require physicians to pursue patient out-of-pocket costs resulting from deductibles and co-pays created by insurance companies; therefore, be it

RESOLVED, that the Illinois State Medical Society (ISMS) adopt policy stating that insurance companies be required to pay the full fee negotiated on the physician's contract with the health plan; and be it further

RESOLVED, that ISMS oppose any contracts with health insurance companies that require physicians to pursue patient out-of-pocket costs resulting from deductibles and co-pays that are created by insurance companies; and be it further

RESOLVED, that ISMS call for the American Medical Association (AMA) to introduce legislation that brings to an end to insurance company practices that make it the physician's responsibility to recoup patient out-of-pocket costs and deductibles created by health plans.

Fiscal Note:

N/A

Existing ISMS policy related to this issue:

ISMS endorses the concept that the high deductible health insurance portion of Health Savings Account plans should be paid for with pre-tax dollars, whether purchased by employers, employees, or the self-employed. (HOD 2004; Reaffirmed 2012; Reaffirmed 2015; Last BOT Review 2010)

ISMS supports the following health care system reform principles: 1. Health care delivery and finance system reform should use the current public-private system as a basis and focus on incremental evolutionary change. 2. All patients should have access to a health benefit plan that would include catastrophic coverage as well as preventive

services, appropriate screening, primary care, immunizations, and prescription drug coverage. 3. Health insurance reform is needed to allow public and private plans to develop innovative coverage plans, including the development of health savings accounts and other high deductible plans to encourage patients, physicians, and other health care providers to pursue high value care. 4. All health care expenditures should receive equal treatment for purposes of tax deduction and tax credits. 5. Professional liability reform – including caps on noneconomic damages – should continue to be pursued and defended as a way to reduce direct and indirect costs (defensive medicine) and to address the adverse effect the current medical liability system has on the physician-patient relationship and access to health care. 6. Use of information technology in health care delivery should be encouraged to improve quality and safety of care, enhance efficiency, and control costs. 7. Health care education and literacy must be an important part of any medical care financing and delivery system reform. 8. Health care reform proposals should include provisions for physicians to set and negotiate their own fees in order to adequately compensate physicians and other health care providers for the promotion of personal and public health. 9. Evidence-based protocols should support, not replace the patient-physician relationship. 10. ISMS objects to third party insurance carriers interfering with the practice of medicine and the patient-physician relationship. (HOD 2007; Revised 2008; Reaffirmed 2011; Reaffirmed 2012; Reaffirmed 2015-JAN; Reaffirmed 2017;Reaffirmed 2018; Last BOT Review 2015)

House of Delegates adopted Res. 45 (A-93) in Lieu of Res. 53 & 54 (A-93) which directed that the Society explore a healthcare financing system based on the concept of medical savings accounts or “Medical IRAs,” from which patients would pay their own medical expenses; that these accounts be funded by a combination of sources including patients, employers and government; and backed up by catastrophic, high deductible major medical insurance policies to cover major medical expenses. (HOD 1993)

ISMS supports private, voluntary catastrophic health insurance, including freedom of choice of physician. It supports the policy of a tax credit or deduction for the premium expense of medical insurance and endorses the principle that, under federal rules and regulations, the costs and premiums for health care, whether incurred directly by an individual or conferred as an employee benefit, should be equally deductible. Inasmuch as the fee coverage by insurance plans may not cover the full fee of the physician, the physician is encouraged to develop a prior agreement with the patient outlining the patient's individual responsibility for the physician's fee. When insurance benefits are assigned to a physician by a patient, care should be exercised by the insurance company, or its agent, in seeing that such wishes of a patient are followed. If an error is made by the insurance company, or its agent, and payment is made to the patient, the insurance company is urged to admit its error and pay the physician as it was originally directed to do. Under such circumstances, recouping of money from the patient should be the responsibility of the insurance company, or its agent, that committed the error and not

be the responsibility of the physician. ISMS objects to third party carriers interfering with the practice of medicine and the patient-physician relationship by: • Implying to patients that physicians' charges above insurance benefit allowances are excessive; • Suggesting to physicians that insurance company reimbursement amounts be accepted as payment in full; • Suggesting that physicians perform alternative surgical procedures; • Instituting utilization review of hospital patients in the private sector which bypasses local physician review mechanisms; • Discriminating against the physician who does not have a separate contractual relationship with the carrier and inhibiting the patient's free choice of physician. ISMS endorses long-held principles that: • A contractual relationship that exists between a patient and a third party does not involve the physician (unless the physician has agreed to such involvement); and • The third party is not involved in the contract existing between the patient and his/her physician (unless such involvement has been agreed to by both patient and the physician). (HOD 1982; Revised 2008; Reaffirmed 2015-JAN; Reaffirmed 2015; Reaffirmed 2017; Reaffirmed 2018; Last BOT Review 2015)

It is desirable to afford maximum flexibility and latitude in creating an economic environment acceptable to the individual physician's right to choose which method of economic reimbursement for care that best suits the needs of that physician and his/her patients. Where appropriate, ISMS supports the right of physicians to seek payment from patients for the difference between the physician's charges and the amount of payment an insurance carrier pays. To the extent practicable, ISMS should strive to assist physicians in understanding alternative reimbursement systems, including but not limited to Usual and Customary or Reasonable (UCR). (HOD 1985 Amended; Reaffirmed 2009; Reaffirmed 2015; Last BOT Review 2012)