EXHIBIT 5
DATE 3-16-05
SB 479

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925 Highland Blvd.
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Feb. 17, 2005

House Human Services Committee
Re: SB479, Direct Billing for Anatomic Pathology Services

To the committee members:

Thank you for taking the time to examine this testimonial in favor of passage of the above named bill. I am a practicing pathologist, currently at Bozeman Deaconess Hospital, but have been in practice since 1977, having spent most of my career in Dallas, TX.

Rather than the usual talking points, I would prefer to relate to you my experiences as an owner (with partners) of a pathology reference laboratory in Dallas during the 1980's when the practice of physician "mark-up" of services provided by other physicians was in full flower.

During that era our lab competed with several commercial labs in the area. Pap smears at that time were sold cheaply, in order to attract gynecologists as clients since they also ordered rather extensive blood work on their patients. The Pap smear then was seen as a "loss leader". As a result pressure to reduce fees became tremendous. A client could be lost for as little as 25 cents and discounts far below the list price were routine. Our laboratory reviewed over 100,000 pap smears a year, but we were small potatoes compared to the "pap mills" which sprang up all over the country. One of these in San Antonio charged as little as $2.00 for a pap smear. The gynecologists charged twenty to thirty or more dollars for the Pap smear. Savings were not passed on to the patients, but were added to the physicians' revenues.

Some gynecologists were conscientious and wanted to send their specimens to a laboratory they knew and trusted, where the pathologist was available to discuss unanticipated diagnoses and re-examine cases in question, often showing them to several partners. Other OB-Gyn's were strictly interested in the cheapest price possible.

As a result, cytotechnologists (the non physician professionals responsible for screening most Pap smears) reviewed 200 or more slides per day. Some were paid on a per case basis, encouraging them to screen as many cases as possible. Screeners routinely left one job only to moonlight at another or they took their slides home with them and reviewed them in the home environment (i.e. screaming kids and blaring televisions). Inevitably, this situation came to light through an expose by the Wall Street Journal in 1987.

Regulations regarding appropriate limits of the daily number of slides screened and other enforcements of working conditions have solved most of the egregious excesses of the wild and woolly 1980's, but the driving force behind these excesses remains. As long as

physicians can bill for and potentially mark-up services actually provided by another physician, the temptation to burden patients with increased hidden costs under the guise of a "test", namely the Pap smear, might prove too great for some practitioners to resist. I urge you to pass SB479. Thank you very much for your time and attention.

Yours truly,

Ben Blend M.D.