

SENATE PUBLIC HEALTH, WELFARE & SAFETY	
EXHIBIT NO.	<u>26</u>
DATE:	<u>2-18-05</u>
BILL NO.	<u>SB 479</u>

February 18, 2005

TO: Public Health, Welfare & Safety Committee

RE: SB 479: Direct Billing for Pathology Services

Dear Committee,

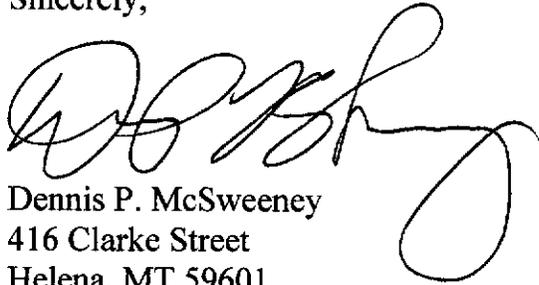
My name is Dennis McSweeney and I have been a practice manager for a pathology group here in Helena for 14 plus years. During this time I have seen the growth of out-of-state labs which have provided competition to in-state pathology groups. Whereas, this growth has been beneficial to pocketbooks of some Montana patients and kept our practices competitive, it also has created an unfair playing field in the industry.

These out-of-state labs generate their profits on large volumes thereby using discounted prices to entice referring physicians to use their services. In some situations, these referring physicians pass those savings on to their patients. As long as these physicians are content with the quality of service they are receiving, then they are providing a service to their patients in possibly more affordable healthcare. The problem herein lies when the referring physician receives additional reimbursement for the services and does not pass on any savings to the patient.

Here in Helena, we realized the competitive nature of these out-of-state labs. We realized we needed to be as price competitive as possible but maintain a quality product. Since our pathologists are hospital based (as most are in Montana) we only control the professional component of the fee, the hospital controls the technical component. Together, with the hospital we put together a product, which we feel is price competitive with what outside labs are charging patients directly, thereby maintaining our relationship with most of our referring physicians. The cost to the patient is substantially lower than it was ten years ago. The thing we cannot compete with is referring physicians purchasing a discounted service and marking up the charge to the patients. We don't have the volume in our community as well as most Montana communities to compete. In these situations, the patient isn't realizing any added benefit, it's just redistributing a portion of the fee to the middleman.

I am a true believer in capitalism and a free market system. I also believe in buying locally and supporting your community when at all possible. To survive in a free market system you must provide quality at an affordable price. We've attempted to do that with our resources available. But we are faced with a stacked deck in sometimes competing with outside services. This bill is intended to level the playing field. Otherwise, we may see a reduction in medical services being able to be provided locally in the form of reduced pathologists in this state.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis P. McSweeney', written in a cursive style.

Dennis P. McSweeney  
416 Clarke Street  
Helena, MT 59601  
406-459-4060