



August 29, 2016

Jesse Laslovich
Chief Legal Counsel, Office of the Montana State Auditor
Commissioner of Securities and Insurance
840 Helena Ave
Helena, MT 59601

Re: Air Ambulance Draft Legislation

Dear Mr Laslovich:

Thank you for your work on the Air Ambulance/Consumer Protection issue over the last year. PacificSource Health Plans appreciates the deliberate and thoughtful approach to this issue taken by you and Associate Counsel Nick Mazanec, as well as the research and background provided by Legislative Services staff Pat Murdo. We offer these comments on your draft legislation.

Overall, we echo the comments made repeatedly by many members of the working group and general public identifying the problem in Montana as out-of-network providers who are reticent to negotiate with payers. As you know, many of the subsequent balance bills have destroyed the credit of consumers who were faced with difficult medical situations, and who now are straddled with enormous debt.

PacificSource Health Plans is approaching 30,000 member lives in the state of Montana. We partially attribute our growth of 350% in four years to the individual attention we give to every member and provider in our network.

PacificSource is proud of our work with air ambulance providers and our success in reaching contract arrangement with them. We believe that we have the largest air ambulance network in Montana. In fact, only one membership based provider is not under contract. Our approach is to meet the provider where they are, and enter individual discussions to find contracted reimbursement rates to satisfy the variety of business models of the majority of providers. We do this because we know that payers share the responsibility in controlling healthcare costs, while still maintaining a quality network of access. At the Commissioner's recent rate hearings, we were asked specifically about methods employed to keep costs in check. Provider contracting is a large part of that equation, which is why the language contained in the draft legislation on this issue is a concern for us.

As written, the bill in question provides an incentive for providers to leave payer networks, and take their chances with the arbitration process. This would negate years of work with our providers, and expose our existing members to increasing rates to make up for skyrocketing health care costs at the hands of only a few providers. The bill, in short, rewards one

membership based company regularly operating within our borders for refusing to negotiate , and balance billing Montana consumers.

The larger question of how to help consumers remains. We are sympathetic to the appetite to legislate a solution, and Montana is not alone in our desire to help consumers when faced with membership air ambulance company balance bills. Five other states have attempted legislation, under a variety of approaches. In addition, some payers and agencies have attempted to control their high costs with reasonable approaches, only to be told that their contracting models are precluded through the federal exemption of the Airline Deregulation Act (ADA).

A true federal fix is necessary. That is the real answer to the problem. Senator Tester has introduced legislation that awaits Senate action. While we are not confident the vote to move this issue forward will occur in this Congress, we know that the state-level legislation as proposed is premature.

That is not to say that the state doesn't have a role to play in this critical cost-control issue.

Transparency - Transparency in pricing – line item listing for cost justification on mileage, medical services, and other fees – is a good place to begin. Just as insurers and many other providers list out how their rates are set, air ambulance companies could participate in a transparent fashion.

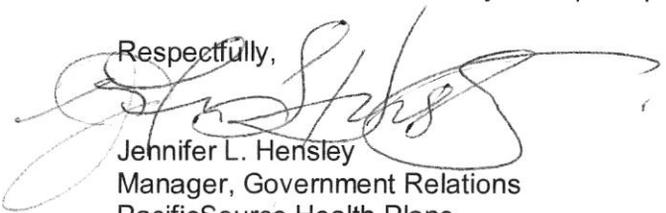
Consumer Education - In addition, the state should participate in a consumer education program about membership programs. Not simply an informational website – but a true public education campaign. Issues such as reciprocity and non-emergent transport options are but a few that could be explained by the State of Montana, and they would go hand in glove with the public education performed by all of the major payers operating in the state.

Provider Education - The state, along with the 56 counties and hundreds of municipalities, works closely with emergency responders at all levels. The multitude of touch-points and training requirements could include a basic primer on air ambulance protocol. We are not suggesting a central dispatch at this time (as it has already been ruled down by federal courts), but rather a pure education of emergency personnel, by a non-biased entity, to serve the best interest of consumers.

These are only three topics that don't fall under the federal exclusion, but would help Montana consumers make truly informed decisions about their health care, and the overall cost of healthcare.

Again, we thank you for your work on this issue. PacificSource is confident that the information gathered over the last year at the working group table, in addition to the material that is yet to be presented, will find its way to the ears of our Montana policy holders. Truly, we are here to serve our members, and stand ready to help the policy discussion in any way.

Respectfully,



Jennifer L. Hensley
Manager, Government Relations
PacificSource Health Plans

cc: Economic Affairs Interim Committee
Tara Veazey, Policy Advisor for Health and Families, Office of the Governor