

Date: August 8, 2016

To: Working Group of the Montana Economic Affairs Interim Committee

From: Alan Hulse, CEO of the Montana Municipal Interlocal Authority (self-funded health plan for Montana cities and towns)

Re: Impact on publicly funded employer health plans of binding arbitration to settle non-contracted air ambulance fees

Dear Chairman and Committee Members,

Thank you very much for the opportunity to submit written testimony to the Committee for your review. I appreciate your efforts on this difficult matter regarding air ambulance services to Montanans and the associated costs for such services.

The Montana Municipal Interlocal Authority (MMIA) provides self-funded health coverage to the employees of cities and towns across the state of Montana. We provide benefits to over 5600 lives. The money that funds the claims dollars of these individuals comes from the employees themselves, as well as the tax payers of the communities that provide this coverage to employees. It is imperative to the MMIA and our member cities and towns that we manage these funds with extreme caution and care to ensure that we are able to continue to provide health coverage at reasonable premium rates for the benefit of Montana taxpayers.

With participants spread over the large geography of Montana, it is important to us to ensure that our participants have access to quality care and we understand the importance of paying a fair price to emergency medical services to ensure that they are able to maintain their existence. However, we feel that it would be detrimental to the taxpayers of Montana to pay unsustainable prices for air ambulance services that are excessively higher than those that agree to contracted pricing that is fair, reasonable, and even profitable for the operations. There are ten air ambulance services that operate within Montana that are in-network for our members.

Our concern with binding arbitration is that even though it will provide relief for the individual patient, it will be a significant increase in costs to our cities and towns and their employees through the overall increases they pay in annual premium dollars. We fear that it will not result in a fair and reasonable price for the services, but rather a negotiation battle that ends up with a higher bill that all of our members have to pay. We also fear that due to federal preemption, if the dispute resolution process results in a fair and reasonable finding, it would not be binding on the Air Ambulance service.

The only way that we believe binding arbitration would be beneficial is if it is done to determine a reasonable price for services, prior to services being rendered; not on a claim by claim basis. The reasonable price could not be to the disadvantage to those providers that are contracted to be in-network, so that we do not see those providers leaving the network.

Our suggested alternative to binding arbitration is to promote transparency and education. We have worked hard with our third party administrator to educate facilities that are making requests for air transport to utilize services that are in-network for our members. We have also provided information to our members on what services are in-network for them and how to access that information quickly and easily if they find themselves in need of air transport. We subscribe to a service that provides a pre-authorization for facility to facility air transport utilizing a company that is in-network for our members. Our participants have been very receptive to this information and education. We would ask that we can continue to manage our costs and assist our members in receiving quality and affordable air transport services. We believe we can effectively help our participants receive services without being charged exorbitant amounts or being required to go to binding arbitration on a claim by claim basis to settle a large payment.

Thank you very much for your time. Please feel free to contact me or Amanda Clark if you have any questions.

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