



AMERICAN
PSYCHOLOGICAL
ASSOCIATION

Practice Directorate

August 10, 1999

Honorable Charlie Norwood
U.S. House of Representatives
Washington, DC 20515

Dear Dr. Norwood:

On behalf of the 159,000 members and affiliates of the American Psychological Association (APA), I am writing to express our strong support for the bipartisan Consensus Managed Care Improvement Act (H.R. 2723), which you have introduced with Representative John D. Dingell.

Broad bipartisan support for this new legislation represents a major breakthrough on behalf of patients' rights. Your bill covers all persons with private insurance and includes much needed patient protections, strong reforms of the managed care industry and due process protections for providers. APA is especially grateful that you have continued to champion our top legislative priority, removing the ERISA shield from health plan legal accountability. As in your previous bills that APA has endorsed since 1996, H.R. 2723 permits persons who have been injured by decisions of health plans that delay or deny care to hold them legally accountable. We believe that removal of this special exemption will be a strong incentive for health plans to deliver clinically necessary care, obviating the need for lawsuits.

Improvements to an appeals process without legal accountability clearly would not be sufficient. A new analysis of the Senate-passed bill, S. 1344, shows that the insurance and managed care industry could generate interest income of \$280 million for every one percent of claims that are delayed for the full 377 days permitted. This PricewaterhouseCoopers analysis helps refocus the debate on the need for incentives to ensure that correct decisions are made by health plans to begin with and that health plans do not abuse an appeals process.

H.R. 2723 also includes the requirement that those in closed panel health plans be offered a point of service plan at the time of enrollment, enabling care outside of a network. The bill includes a pro-competitive provision banning health plans from excluding a class of providers based solely on licensure. Medical necessity decisions would be made by clinical peers in a fair and independent appeals process, moving the system away from some of its worst abuses.

APA appreciates your continued leadership on these vital issues and will continue to work with you to win enactment of comprehensive managed care quality legislation.

Sincerely,

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