



NATIONAL  
ASSOCIATION  
OF PUBLIC  
HOSPITALS &  
HEALTH  
SYSTEMS

September 8, 1999

The Honorable Charles Norwood  
The United States House of Representatives  
Washington, DC 20515

The Honorable John Dingell  
The United States House of Representatives  
Washington, DC 20515

Dear Representatives Norwood and Dingell:

The National Association of Public Hospitals and Health Systems (NAPH) is supportive of your efforts to restore confidence in our nation's healthcare system. We generally support your legislation, the Bipartisan Consensus Managed Care Improvement Act of 1999 (HR 2723), and its increased protections for consumers enrolled in managed care plans. NAPH represents over 100 metropolitan area safety net health systems which provide almost 90 percent of their services to Medicare, Medicaid, and low-income patients. Collectively, these institutions comprise the essential safety net infrastructure of America's urban health systems.

Many NAPH members have formed (or participate in) managed care plans, and we are concerned about preserving and enhancing the ability of such plans to deliver efficient, high quality health care without unnecessarily burdensome new federal regulations. However, NAPH member institutions also consider themselves strong advocates for their patients and communities, and we recognize that managed care performance has not always served the best interests of patients. Moreover, NAPH members' health plans (and their other managed care activities) focus to a large degree on Medicaid, Medicare and uninsured patients whose care is supported by other governmental programs or through direct state or local subsidies. We note that many of the patient protections contained in HR 2723 are already applicable to programs serving such patients, and we believe that a nationwide level playing field is desirable for all patients and all payers. For these reasons, while we urge you to take care to fashion equitable and unburdensome enforcement mechanisms, we believe that many of the consumer protections in HR 2723 are necessary to prevent abuses and improve quality in managed care.

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As patient and community focused health care providers, NAPH members have had a keen interest in the health care quality debate. This interest led NAPH to participate in the Coalition for Accountable Managed Care, a coalition for accountable provider groups which developed and issued a set of "Principles for Accountable Managed Care." In addition, the Balanced Budget Act of 1997 (BBA), passed by Congress last summer, changed the face of managed care for Medicaid and Medicare. Part of that change included increased protections for Medicaid recipients and Medicare beneficiaries enrolled in managed care. We are pleased to see many of the principles of our Coalition and provisions of the BBA are extended to private plans or otherwise included in HR 2723. The remainder of this letter will highlight the provisions of HR 2723 that we support, and briefly discuss several concerns we still have and some additional provisions we may wish to see in the bill.

We believe that your bill, like the Principles, includes several basic consumer protections that will contribute to the public's confidence in managed care plans and the healthcare system. In addition, as providers participating in managed care plans, NAPH member institutions are also pleased to see the inclusion of provisions that mirror provisions protecting providers found in the Medicaid and Medicare statutes as amended by the BBA. NAPH supports the following provisions found in HR 2723:

- **Subtitle A. Grievances and Appeals.**  
Plans must establish a timely and meaningful system for claims review, appeals and grievances so that consumers can resolve their differences with plans.
- **Subtitle B. Access to Care.**  
In order to promote access to quality health care and appropriate services, plans must have a sufficient number, mix, and distribution of health professionals and providers. Plan enrollees should have reasonable access to specialty services as appropriate to meet their treatment needs. Plan enrollees should be reimbursed for emergency services under a "prudent layperson" standard as required for plans participating in Medicaid and Medicare.
- **Subtitle C. Access to Information.**  
Plans should be required to provide consumers with information that will allow them to make informed decisions about the plans available to them. Such information should include:
  - an explanation of covered and excluded benefits,
  - a list of plan providers,

- information on enrollee financial obligations, and
- information about plan quality.
- **Subtitle D. Protecting the Doctor-Patient Relationship.**

Plans are required to make payments to providers, both participating and out-of-network, on a timely basis. Managed care organizations may not use of provider incentive plans where payments are made as an inducement to restrict or limit medically necessary services. These requirements, also found in Medicaid and Medicare, protect consumers by ensuring that providers' decisions are not unduly influenced by considerations other than medical necessity, and encourage more providers to participate in managed care.

Taken together, the inclusion of these provisions should allow consumers to make an informed decision about the plans available to them and increase consumer confidence in managed care.

Expanding liability for health plans is an issue that raises concerns for NAPH members. Expanding liability may increase costs and inappropriately increase plan involvement in healthcare decisions. We feel that the effects of expanding liability should be more carefully studied before being included in legislation.

While we understand that HR 2723 is a consensus product, we urge you to add the following provision:

- A requirement that quality indicators adequately account for differences in patient populations, such as severity of illness and comorbidities, to enable consumers to accurately assess quality. We agree that consumers should have information about enrollee satisfaction and other indicators of plan quality as required in HR 2723, however, it is vitally important that such indicators adequately account for differences in patient populations. This sensitivity is particularly important for safety net plans, such as those operated by NAPH members, that take care of the sickest members of their communities.

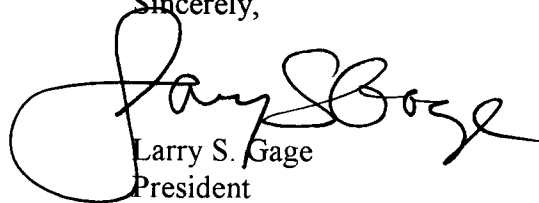
The addition of this provision to HR 2723 will further assure that managed care enrollees have access to meaningful information and quality providers whose decisions are based upon medical necessity.

Once again, we are pleased that HR 2723 seeks to increase consumer protections for those enrolled in managed care. Managed care has, since its inception, worked to control the cost of health care. Ideally, it has the potential to expand access to care and provide a more seamless continuum of

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care. However, the incentives for delivering services are not always properly aligned with the needs of consumers. This legislation provides consumers with the information to make informed decisions about their managed care plans, offers consumers protections from disincentives to provide care, and provides consumers with meaningful claims review, appeals and grievance procedures. We applaud your leadership in this area and we look forward to working with you to address the concerns we have raised. Together, we can ensure that the final legislation provides consumers with the protections they need without compromising the quality and efficiency of care provided.

Sincerely,



Larry S. Gage  
President

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