



# Wisconsin Medical Society

Your Doctor. Your Health.

TO: Assembly Committee on Small Business  
Representative Terry Moulton, Chair

FROM: Mark Grapentine, JD – Senior Vice President, Government Relations  
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DATE: February 12, 2008

RE: Society informational testimony on Assembly Bill 729 – Cost Transparency

On behalf of more than 11,000 members statewide, the Wisconsin Medical Society thanks you for this opportunity to share our thoughts on Assembly Bill 729, relating to health care price transparency.

### **Transparency Overall**

The decision to register for information only on the bill as currently drafted was reached with difficulty, as the Society's members have concerns with the legislation before you. Society physicians from across the state wish to make one point very clear: the best patient is an informed patient, and the Society supports transparency. Patients need more than cost information, however – for transparency to be effective, it must encompass quality as well; a combination of cost **and** quality transparency leads to what the Society believes is needed: the capability to assess health care value.

Transparency regarding the costs of health care-related items is certainly needed. However, cost transparency on its own may not accomplish the laudable goals the bill's authors express. While a substitute amendment (LRBs0265/1) to the original bill shows great improvement over the original, requirements in the substitute amendment could impose onerous new administrative mandates for physicians and their staffs. While we believe that transparency can be within the public interest, this does not end the discussion. Cost transparency standing alone must be weighed against those additional burdens to determine if the health care system benefits overall. While we are still discerning the administrative effects of this bill, our preliminary calculations at this time point toward too much additional administrative burden for physicians resulting in too little helpful information for the patient.

### **Concerns Specific to AB 729's Substitute Amendment (LRBs0265/1)**

Some concerns with the original AB 729 have been removed via the substitute amendment (most notably the requirement that any disclosure include Medicaid and Medicare reimbursement rates). On February 8, the Society's Council on Legislation, made up of physicians from a variety of specialties from around the state, reviewed three versions of transparency-related legislation currently before the Legislature, including a previous version of the substitute amendment for AB 729. Council members cited certain concerns:

- That the information mandates to be provided to the patient would increase the administrative burden on clinics and physicians. Maintaining a cost list of 25 DHFS-specified services, tests, or procedures that could change annually is no small task. And while provided a “reasonable time” to provide the median billed charges and CPT codes for any services, etc., a potential patient requests, fulfilling such requests does not come without additional administrative costs.
- That this increased administrative burden would not be offset by information useful to the patient. This is a concern in two particular areas: first, a patient may request cost information for services, etc., that eventually turn out to be nothing related to the patient’s needed treatment. Second, requiring the DHFS-specified 25 services, etc., be linked to “presenting conditions” is far too simplistic. For example, a patient could present to a clinic with a chronic cough. Should a cost estimate be provided when the physician has not yet determined if the patient has a common cold, bronchitis or lung cancer? Forcing estimates of the cost of care before a condition is diagnosed raises serious concerns.
- That patients receiving cost information may make decisions the authors may not intend due to a lack of information about quality. Patients with the ability to choose who will provide a specific service after “shopping around” may actually choose the more expensive option, believing the adage “you get what you pay for.” In a bill rooted in the valid belief that empowering the patient will help control health care costs, this potential certainly runs counter to intent.
- The \$500 “administrative forfeiture” is unnecessary and potentially a nightmare trip into government’s vast abyss. How will DHFS determine when a forfeiture is justified? Does the legislature really wish to promote more of a burden on the division of hearings and appeals? Should the attorney general’s office really be bothered with determining whether or not a fine has been paid? Government levying fines on physicians or their staffs working to provide the best health care possible to patients is a misuse of power; this provision should be abandoned.

**The Wisconsin Medical Society is Committed to Help Determining Health Care Value**

The Society is dedicated to helping find a path toward “value transparency,” and is already involved with numerous entities such as the Wisconsin Health Information Organization (WHIO), the Collaborative on Healthcare Quality and the Society’s Physician Cabinet to help Wisconsin measure value. We would readily accept any expertise the state can offer. That said, it is important that policymakers and other stakeholders have further discussions on whether legislation is actually helpful in this area and to determine the best strategy for assisting the patient in accessing useful information.

Thank you again for this opportunity to provide the Society’s opinions on AB 729.