

Senate Bill 198



Standardized contracts will take the mystery out of signing on the dotted line

As this issue of *Colorado Medicine* goes to press, Senate Bill 198 regarding standardized contracts has reached the Senate Health and Human Services committee with 59 co-sponsors and, if the testimony at the packed committee hearing is any indication, a whole lot of momentum.

What seemed to most impress state legislators about the bill is its common sense approach to simplifying the contracts between health plans and health care providers.

Senate sponsor Steve Johnson,

R- Fort Collins, succinctly laid out the bill's rationale in his comments to the committee, saying, "SB 198 simplifies the contracts between health plans and doctors. This is a disclosure bill, it does not violate the right to contract. It just says, 'Make these contracts clear and understandable'."

"Ask anyone in this state, 'Have you read your health insurance policy from cover to cover and do you understand everything in it?' What if that policy held the terms not just of your health care, but of your very

financial livelihood as well. That is the case for Colorado docs. And, contracts with docs are much more complex than a health insurance policy," he continued.

"Why do we need to do this? Three reasons: 1) Because the bill will save money; 2) Because the bill will improve the delivery and quality of health care; and 3) Because the relationship between docs and health plans isn't an equal one."

"Simply put, do we want docs treating patients and keeping up with medical journals or fighting with paperwork? When I am sick, I want my doc fighting to save my life, not fighting with insurance companies," he concluded.

House sponsor of the bill, Speaker Andrew Romanoff, D-Denver, was equally adamant about the need to pass SB 198, saying, "It's time to get our physicians out from the crush of paperwork to spend more time on patient care."

William Jessee, MD, FACMPE, President and CEO of the Medical Group Management Association (MGMA) shared research gleaned from surveys of their 20,000 members who manage and lead medical group practices throughout the United States where more than 242,000 physicians practice medicine.

"According to MGMA Center for Research data, group practices nationally contract with an average of 20.5 insurance plans each year, and renew an additional 14 contracts



SB 198 sponsor, Sen. Steve Johnson, R-Fort Collins, concludes his opening remarks at the Senate Health and Human Services hearing by hefting a box full cumbersome contract paperwork the bill seeks to streamline.

annually. Based on the average number of hours of administrator and physician time required to negotiate each agreement, contract negotiations cost about \$3,380 per FTE physician each year. Annually, this translates to a cost of some \$700 million to physician groups alone for this activity. Colorado's share of this total, for our approximately 10,000 practicing physicians, is about \$33,800,000," concluded Dr. Jessee.

Rick May, MD, President of the Colorado Medical Society, spoke of the need to bring transparency to the contracting process to improve the delivery and quality of health care. "These documents, usually non-negotiable and imposed on a take-it-or-leave-it basis, include stipulations about multiple aspects of the care that I can provide to my patients, from the drugs I can prescribe, to the tests I can order, to the surgeries I can perform."

The national perspective on the need for standardized contracts was delivered by Jeremy Lazarus, MD, Vice-speaker and member of the Board of Trustees for the American Medical Association.

The local perspective was rounded out by Ken Olds, MD, and



SB 198 sponsors, Sen. Steve Johnson, R-Fort Collins, and Speaker Andrew Romanoff, D-Denver, listen with Drs. Larry Moore, Lynn Parry and William Jessee as CMS President, Dr. Rick May addresses the media during a March 22 press conference on the bill.

medical business administrator, Linda Culberson, both of whom eloquently laid out the tremendous imbalance of power between the health plans and individual physician offices.

Opponents of the bill never seemed to get traction on their vague contention that the bill violated fair

contracting rights or that it would be too difficult or expensive to implement.

As John Sbarbaro, MD, from University Hospital put it, "All we are asking for is to be told what we will be paid, how we will be paid and to not unilaterally change the terms of the contract during its one year term."



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