Kansas City

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HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
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Testimony Opposing House Bill 2206
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Chairman Hawkins and Members of the Committee, my name is Melissa Panettiere and I am here today on behalf of Blue Cross and Blue Shield of Kansas City to testify against House Bill 2206.

Blue Cross and Blue Shield of Kansas City is a not-for-profit health plan serving residents in the greater Kansas City area, including Johnson and Wyandotte counties in Kansas and 30 counties in Northwest Missouri. Our mission is to use our role as the area's leading health insurer to provide affordable access to healthcare and improve the health and wellness of our members. The ability to provide affordable coverage is difficult given the new rules and taxes that are imposed under the Affordable Care Act (ACA). The new payment parity requirements imposed in House bill 2206 will further challenge our ability to provide affordable coverage as consumers absorb the higher payment rates to telehealth providers in their premiums.

Many states are enacting laws requiring commercial health plans to cover medical services provided via telehealth to the same extent they cover medical services provided in-person. These laws are intended to promote innovation and care delivery in the private sector by catalyzing healthcare providers and plans to invest in and use the powerful telehealth technologies available in the marketplace. However, this legislation goes much further and would mandate payment parity between telehealth providers and in-person providers.

There are important distinctions between the fixed cost components that are taken into consideration when developing rates for in-person care versus care provided via telemedicine. CMS has set precedent in this regard; physicians are paid more for office visits than for in-patient visits in a hospital setting primarily because the brick and mortar component exists for the office visit. Several components exist for in-person physician care that are absent from the telehealth model, such as: overhead, front office staff, nursing staff who spend time getting vitals, and the physician's physical examination. These components are not included in the telehealth model, nor should they be.

Telehealth services are not equivalent to in-person services and therefore should not receive parity to in-person services in reimbursements. Primary care physicians (PCPs) are paid at a higher rate because we expect them to manage our members' care throughout the year (i.e. referrals to in-network specialists, encourage wellness activities, and perform yearly exams). On the contrary, telehealth appointments might be one-time engagements, which creates

problems when the health data from that appointment might not be added to a patient's PCP. This could potentially create gaps in the heath records, which ultimately could have major effects on diagnosis and treatment at later times. If telehealth services save money and are more efficient then the reimbursement for services should mirror those savings.

While we recognize that telehealth has the potential to resolve access issues facing rural Kansans, a mandate on all insurers, even those operating outside of the under-served areas, will eliminate the intended savings to the system and to Kansans' premiums. Telehealth is supposed to be the new innovative way to deliver care and save the health system and patient money. Mandating payment parity is going backwards to the old payment model.

I would be happy to answer any questions you may have.