



Employers Association of New Jersey
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To: Assemblyman Craig Coughlin

From John J. Sarno, President

Re: Comments to A4444, the Out-of-network Consumer Protection, Transparency, Cost Containment and Accountability Act

It is not an exaggeration to say, that in healthcare, employers do not necessarily know what they are buying and that employees do not know what they are getting.

Healthcare transparency can help you improve the health care employees and their dependents receive, while enabling employers to control skyrocketing medical costs. It may also lead to more engaged, activated employees. But to be useful, healthcare information must be widely and immediately available at the point of purchase.

The Employers Association of New Jersey (EANJ) believes that it is in the public interest to create the consumer protections provided for A4444 and to establish an Healthcare Price Index (HPI) to increase transparency in health care cost and utilization patterns in New Jersey and to provide employers, consumers, policymakers, providers, researchers, quality improvement organizations, and carriers with the information needed to support necessary health care reforms that will lead to a more cost-effective, high-quality health care system that benefits the citizens of this State.

However, A4444 does not sufficiently address the dissemination of this critical information to employers and other purchasers of healthcare, except to say that the organization that will be creating and maintaining the HPI “should identify and electronically publish annually” a list. EANJ respectfully suggests that the publication annually of a list would not be that helpful to employers that need more customized information at the point of sale during the year. Therefore, EANJ recommends that A4444 be amended to require the organization to utilize a web-based technology that provides for an easily searchable data base to be used by employers, brokers and others.

Studies confirm that the United States spends significantly more on health care than other countries but, on the whole, does not produce better results for patients and does not receive equivalent value for each health care dollar spent. For example, the Institute of Medicine of the National Academy of Sciences has estimated that up to 30 percent of spending on health care in the United States is wasted; however, without comprehensive data on the costs, components, results, and demographics of care, it is difficult to identify and eliminate waste; and, without reliable information about how and where health care dollars are spent and how patients move through the system, states cannot design effective programs to address both unnecessary and inadequate care.

Prior to the run-up of the Affordable Care Act, EANJ convened ten groups of employers in five regions of the state. 458 private sector employers that employ 41,200 employees in New Jersey attended, about a third of the EANJ's membership. The meetings resulted in a real time cross section of the state's employers and their concerns. Among the top concerns expressed by these employers were:

1. Increased health care costs (78%);
2. Maintaining the productivity of the existing workforce (62%);
3. The mismatch of skills of current and future workers (39%); and
4. Finding the money to make capital investments (32%).

Earlier this year, an updated survey shows basically the same concerns. These concerns are inter-related. Increasing health care costs have also eaten into paychecks. Employers continue to pass health insurance costs onto employees as firms struggle to remain competitive, more of them are reducing benefits they offer workers or making workers pay more for them.

Many people are surprised to learn that in healthcare, there is no correlation between cost and quality. Prices for medical services can vary greatly - even for the same procedure, in the same area, within the same network. Quality and outcomes can vary just as greatly, with no relationship to price.

With more employers now offering high-deductible health plans, consumers are faced with increasingly large out-of-pocket expenses. Access to price and quality information helps employees save money. It also empowers them to get the best care.

Greater transparency means that high-quality health care providers will receive the recognition they deserve for the excellent care they deliver.

In order to collect necessary data to better implement reforms to the health care system to address these stated ills, A4444 establishes a Healthcare Price Index (HPI) system to collect data

that can be used to fill critical information gaps as consumers, public policymakers, health care providers, researchers, quality improvement organizations, and carriers seek solutions for transforming health care delivery.

An HPI can systematically collect health care data to inform health policy initiatives and to further cost containment and quality improvement efforts

An HPI would include medical, pharmacy, and behavioral health claims and be used to report cost, use, and quality information. To mask the identity of patients and ensure privacy, an HPI would be required to comply with the applicable provisions of the federal health privacy rules and with other proprietary requirements related to the collection and release of health care data.

By including all claims information into an HPI, New Jersey can gain a more complete picture of how much health care costs, how much providers receive for the same or similar services, the resources used to treat patients, and variations across the State, and among providers, in the total cost to treat an illness or medical event. In turn, businesses, consumers, providers, and policymakers can use the non-proprietary information to make better-informed decisions about cost-effectiveness and the quality of care.

An HPI is also an important source of information for designing and implementing an effective arbitration system for emergency and inadvertent out-of-network charges, and other payment and delivery system reforms, such as pay-for-performance, episode-of-care payments, global payments, medical homes, reference based pricing, and accountable care organizations.

Among other things, the organization that will maintain to HPI should identify and electronically publish annually the list of median in-network paid commercial claims for the payment range as established in section 11 of the bill and make health care data available to the State and to researchers to improve health care quality, reduce health care costs, and increase pricing transparency.

Carriers would file that health care data determined by the commissioner to be necessary to carry out the purposes of the bill. The form, medium, content, and frequency of the reporting shall be established by the Commissioner of Banking and Insurance but shall be reported not less than annually.

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