

January 02, 2017

Ms. Lori Wing-Heier, Director
Division of Insurance
Department of Commerce, Community
and Economic Development
P.O. Box 110805
Juneau, AK 99811-0805

Via email: chip.wagoner@alaska.gov

Dear Director Wing-Heier:

On behalf of Juneau Emergency Medical Associates, Inc., I am submitting this letter in strong support of retaining 3 AAC 26.110(a) commonly known as the "80th percentile" rule for determining "usual and customary" charges for healthcare services provided to Alaskan consumers.

I am a physician that has been practicing emergency medicine for the last 15 years in Alaska. I am a partner in the organization that has served our local hospital for the last 30 years. I am married to a physician that has practiced internal medicine at Southeast Medical Clinic for over 10 years. We both enjoy our practicing medicine in Juneau and have seen significant improvement in medical care in our community since the 80th Percentile rule was put in place in 2004. Moreover, we have seen significant reductions in costs to patients with this rule. I never came into medicine with a plan to administer or advocate but I am writing today because I feel that if the 80th Percentile rule would change, healthcare in Alaska would cost patients more and specialty care would slowly fade in our state.

I recall a gentleman, Joe, I saw some time ago in our local emergency department. He came in severe pain and distress that had started quite suddenly in his flank. We spent a few minutes getting a history while the we waited for my interventions to ease his suffering. Once more comfortable, we sought to find the cause; in the end, we determined that he had a large, obstructing kidney stone that would not pass and would need surgical intervention. At the time, a new urologist was in town, on-call to the emergency room and available to help with this problem. Ironically, a few weeks ago, I saw this same person for an unrelated matter. He mentioned his thanks again for the interventions and referral to someone that was able to fix his problem he in Juneau. When speaking with the urologist, at the time, I now realize that part of the life-style attraction of this kind of specialist to our state's third largest city was the reimbursement market. He was a success story for the State of Alaska when they instituted the 80th Percentile rule. Joe, our mutual patient was served by this regulation with a quick, local solution to a problem that until recently, required out-of-town and often out-of-state travel via costly air-ambulance.

I oppose repealing the 80th percentile rule because it would only result in payment reductions from one class of payers, the insurance companies. It would, simultaneously, increase the burden of pay for the same patient's the insurance companies represent in

partial payment. Their reduction in pay, with its repeal, would unfairly burden those folks that would be expected to pay the insurance gap with decreasing payments from the insurance industry. This is a cost-shift away from the private insurance industry onto our Alaska citizens. The repeal of the 80th percentile rule does NOT reduce the cost of medicine, it only reduces the amount the insurance industry is responsible for, at the detriment to our patients in our communities that would bear that increased cost directly and unfairly.

I will continue to see all patients regardless of their ability to pay. I will help Joe out anytime he comes but I fear that my ability to help will come at a much higher price to him and others like him if the 80th Percentile rule is changed or repealed. If reimbursement for specialty services does diminish as a result, my resources to help Joe will diminish, too. My colleagues that have sought extra training and become very specialized practitioners will not come to replace the urologist or cardiologist or thoracic surgeon. We, in Alaska, will seek more and more of our care away from home and family. We will still bear the higher cost of medicine in Alaska but without the benefit of specialist, like those that helped Joe.

Another area that is relatively new to Juneau that would likely disappear if the 80th percentile rule went away is cancer care. Several folks in Juneau currently have their cancer diagnosed in our city, but then, see a specific specialist outside of Juneau, to begin therapy and then return to town rather than stay away for the duration of treatment that lasts several weeks to months. We have seen an increased ability to care for cancer with radiation therapy and oncology now available in Juneau. This is another at-risk specialty group that is here because of our current reimbursement market. Repealing the 80th Percentile rule would significantly impact that reimbursement and limit that service to our city of Juneau.

Finally, I would say the biggest impact to patients, our state citizens, is not the 80th percentile rule but the insurance gap that would widen if it went away. The insurance industry coined this the “balance bill” or “surprise billing” that comes when the insurance industry only partially pays to a certain level of “usual and customary” that individual insurance companies set in a non-publicly disclosed fashion. This is the way that hard-working people see financial ruin from unfair practices by the insurance company. I would wager that fixing this would be the greatest thing to do for Alaskans. I would like to be held to a regulatory standard NOT to “balance bill” the insurance gap to our patients if and only if the 80th Percentile rule is kept. This would ensure we, Alaskans, get the best healthcare in our own communities and the insurance companies would be held to fair payment without a specific “insurance gap” threat to our citizens.

Sincerely,

Nathan P. Peimann, MD FACEP
Vice President and Partner
Juneau Emergency Medical Associates, Inc.