

1849 The Exchange
Suite 200
Atlanta, GA 30339
678.303.9290
800.282.0224
Fax 678.303.3732
www.mag.org



Medical Association of Georgia

Building a Better State of Health Since 1849

Mr. Chair and members of the Committee, I want to thank you for addressing the issues presented in S.R. 561 and for allowing my organization the opportunity to share our thoughts on the first of these issues - Rental Networks, sometimes referred to as Silent PPO's. I am Marcus Downs, Director of Government Relations for the Medical Association of Georgia (MAG). MAG has had some conversations with members of the insurance industry on potential ways to address this concern. MAG is optimistic that this forum will provide a solution to this issue. I would add that this issue was presented in 2010. Senate Bill 50 passed the Senate (51-aye -1-no-2-excused-2-no votes) but ran out of time in the House.

A rental network is a third party entity in health care whose primary business is to create networks for the sole purpose of renting their discounts to other insurers. These companies do not deliver any type of care and only interact with the insurers, never the patient, never the provider.

They will "rent" discounted rates from other networks and not notify the physician of the new rate that they have indirectly contracted with the physician. It is important to note that physician contracts can be sold without notifying the physician, and they can be sold multiple times to multiple networks nationwide. This would be akin to one of you entering into a contract with the person sitting next to you on the committee and when the time comes to receive consideration for performance on the contract, you have to now deal with the person sitting in the back of the room, however, you never received notice that you were now contracting with a new and unknown entity for a new and unknown rate.

While several states including South Carolina, Texas, Louisiana, Virginia, Arkansas, North Carolina, and Oklahoma as does the Federal Employee Health Plan wither limit or prohibit these practices, we only propose and ask that the legislature consider a few improvements. MAG asks that when networks are sold, the physician be notified and that the network that purchases the contract, comply with the existing contract. Additionally, we would ask that the rental networks register with the Commissioner of Insurance and be licensed and placed on an approved list in order to commence business in Georgia. We would also like to see the Commissioner of Insurance have the authority to revoke approval if the rental network uses a provider's discount without a contractual relationship or leases or rents a provider's discounted network with limited exceptions. One might ask "what is the benefit of allowing rental networks to continue if we are asking that the existing contract be honored..." I think that if those selling and purchasing the networks are willing to demonstrate the benefit to the patient consumer and the fairness to the physician, we would be willing to explore their recommendations.

It is also fair to note that the physician can decide not to participate in the contract. In these instances however, the physician tries to avoid this because it interrupts patient care and ultimately causes the greatest harm for those in need of care.

This underscores the challenge of rental network agreements. The patient is on one side of the equation and the physician is on the other side. Separating the two, coming between the two (is currently) an unlimited number of parties with the ability benefit from an already executed agreement. MAG submits that all three parties are necessary in order for the system to work, patients need both physicians and insurers. Insurers play a vital role in ensuring that patients are able to pay physicians.

Building a Better State of Health Since 1849

Physicians want to care for patients and ensure that their contributions to the community can continue. This is a good place to highlight the strength of physicians in communities throughout Georgia. Independent physician practices account for more than \$1 billion worth of state and local taxes and almost a million jobs throughout the state (in addition to their own). Independent practices employ on average 10 additional staff, often serving as the largest employer in many small communities. If our physicians, who are also small employers are losing money because of these ancillary and often secret agreements, they will be unable to offer the benefits to the state that they have provided for so long.

Again, MAG would respectfully ask the committee to consider the following changes:

- ✓ Disclosure of rental networks
- ✓ Notify physicians when a network has been sold/purchased
- ✓ Honor the existing contract with the physician
- ✓ Registration with the Department of Insurance
- ✓ Allow Commissioner of Insurance have duty to revoke any non-registered, unapproved networks

I would like to thank you for allowing the Medical Association of Georgia the opportunity to share its thoughts on this issue. I am happy to entertain any questions that you may have.