



The William W. Backus
Hospital

**TESTIMONY OF
JOAN OROWSON
Director, Patient Business Services
The William W. Backus Hospital
before the
LABOR AND PUBLIC EMPLOYEES COMMITTEE
Thursday, March 14, 2013**

**Re: Opposition to Raised Bill No. 1074 — “AN ACT CONCERNING WORKERS’
COMPENSATION AND LIABILITY FOR HOSPITAL SERVICES”**

Good afternoon, Senator Osten, Representative Tercyek and Members of the Labor and Public Employees Committee.

Thank you for this opportunity to express serious concerns about Raised Bill No. 1074, and urge you to reject it. I am Joan Orowson, Director of Patient Business Services at The William W. Backus Hospital in Norwich. Our hospital is one of the parties involved in an important Workers’ Compensation Commission case which was decided on September 17, 2012, by a Workers’ Compensation Commissioner.

That decision rejected claims settlement practices then used by Fairpay Solutions, Inc., in Connecticut and ordered Fairpay and its clients instead to follow longstanding requirements governing hospital reimbursement. Those requirements, set forth in Section 19a-646 of the Connecticut General Statutes, state that hospitals are to be reimbursed based on freely negotiated rate agreements or on published charges.

This case has been appealed to the Workers’ Compensation Review Board and is scheduled for oral argument next month. My colleagues and I are deeply concerned that you are reviewing a proposal to change the legislation regarding payment to hospitals for services provided to patients covered by Workers’ Compensation at the same time this is under the appropriate review. Bluntly, it looks like an end-run around the established review process, which contains legally accepted appropriate judicial appeals.

I know that others who are more familiar with the legal system will provide testimony regarding this bill’s interference in a pending legal matter without justification. I would like to focus my testimony to actual dealings and difficulties my hospital has experienced

in attempting to obtain adequate compensation from Fairpay Solutions for health services provided to Fairpay's clients.

Backus Hospital has been pursuing appropriate reimbursement of several accounts that were repriced by Fairpay Solutions. It has been, and remains, an unusually and unnecessarily difficult process. In many instances this has entailed months of discussions with Fairpay, with every claim of underpayment being disputed, and ultimately requiring the assistance of attorneys to help us obtain appropriate reimbursement for the services we provided.

The rates reimbursed were often less than those paid by Government payers. Backus has logs detailing serious underpayments of more than 300 accounts, for services from 2008 through 2012.

For example: Backus was reimbursed \$10,247.54 through Workers' Compensation for services provided during an extended, eleven-day stay in the hospital. Medicaid, generally considered the lowest of the government payers, would have reimbursed \$14,466.32 for the same services — 41 percent more.

In another instance, Fairpay repriced operating room charges for an outpatient surgery at \$1,311.24. Medicaid would have paid \$1,707.62 — 30 percent more.

These discrepancies are not atypical.

Following Commissioner Schoolcraft's decision, we understood that reimbursement would be provided at the hospital's published charges unless there was a contract between the provider and the payer. In our attorneys' previous discussions with Fairpay, we anticipated entering into a contractual agreement. [Connecticut State Statute 19a-646(b) provides providers and payers the option of establishing a contractual payment methodology.] Despite diligent efforts on our part to establish a contract, Fairpay abruptly terminated contract discussions and resumed paying us considerably less than our published charges.

I am troubled that the bill has language proposing that an 18-month window be established for us to contest previously paid cases prior to June 2013 and reducing that time frame to twelve months in the future. We believe this will be a burden for the Workers' Compensation Commission to review all the outstanding cases within 18 months. Many times payment of Workers' Compensation claims are delayed. The process to secure payment is a greater administrative burden than securing payment for a case covered by health insurance.

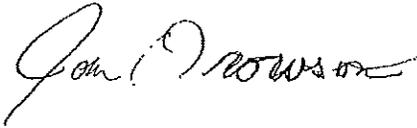
This bill would require each hospital's cost to be determined by the Worker's Compensation Commission. This seems to be an impossible burden, turning the Workers' Compensation Commission into a ratemaking agency and forcing Commissioners to determine actual hospital charges in thousands of individual cases from hospital to hospital and year to year.

The insurance statute in place already has methodology to negotiate with payers that request a discount from published charges. We have successfully used this methodology with other Workers' Compensation payers and health insurance payers by establishing a contract.

The request to enact this legislation appears to be an effort to allow Fairpay to continue to create its own payment process without regard for the current system.

We appreciate your careful consideration of this matter, and respectfully request that **the Labor and Public Employees Committee and the General Assembly Reject Raised Bill No. 1074.**

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Joan Orowson".

Joan Orowson
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