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**Testimony In Support of AB 228  
Before the Committee on Health and Human Services  
Of the Nevada State Assembly**

**March 19, 2003**

Madam Chair and Members of the Committee:

My name is Donald Kowitz. I am a Vice President of Saint Mary's Health Network and the Chief Operating Officer of Saint Mary's Health Plans. I am here in support of AB 228 as a representative of Saint Mary's Health Plans. I am also here on behalf of the more than 85,000 Northern Nevadans that are either insured by us or for whom we administer a health benefit plan, and on behalf of the over 1,200 employers who pay the bills for these health benefits.

In today's environment, trauma services in Northern Nevada must, by law, be provided at a single designated trauma facility. If a payer (either an insurance company or an employer who self funds their own health plan) contracts for the full range of hospital services offered by the sole major hospital designated as a center for the treatment of trauma, the payer receives a discount on trauma services as part of that contract. However, if that same payer chooses to contract with other hospital facilities for non-trauma services, the designated trauma center will **not** grant that payer a discount for trauma services. That payer must pay 100% of charges for emergency trauma services and any resulting hospital admission. This would be an acceptable practice if the insured had made their own choice to seek care in a non-contracted hospital. Since typical health care coverage provides a reduced level of benefit, or in some cases, no benefit, when a non-contracted hospital is chosen, insured individuals and payers expect to pay more when such a choice is made.

However, trauma services are limited to a single designated center by state mandate, and an insured has no choice about where to go for trauma services. When the law dictates what facility must be used for trauma services, users of that service should not be financially penalized because through no fault of their own, they are transported to the designated trauma center for care that **MUST** be provided by that trauma center.

The unequal application of discounts to users of trauma services significantly disadvantages those payers who cannot obtain a contract with the designated trauma center. During the years 2001 and 2002, charges in excess of \$3,000,000 were paid for trauma services on behalf of just the 30,000 members insured by Saint Mary's Health Plans. Assuming the same rate of occurrence for our self-funded population, over \$8,500,000 of total charges for trauma services would have been incurred in 2001 and 2002 for the 85,000 members whose health care is administered by us. Virtually no discount was available to the payers of these services in spite of the fact that other payers were granted discounts during this same period by the designated trauma center. At the

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30% discount rate proposed in this bill, discounts of at least \$2,500,000 would have been available on these services. This is not an insignificant amount to the payers of these services who continuously struggle with the rising costs of health care.

In effect, trauma services are bundled together for contracting purposes by the designated trauma center – either take the whole package of services offered by that hospital or pay significantly higher rates for trauma services than the payers who do take the whole package. It is our position that granting discounts for trauma services only to those payers who contract for a full range of services at the designated trauma center is an unfair use of the unique, monopoly status that has been granted by the State to that designated trauma center. There is no question that trauma services are expensive to provide and that all payers should bear their fair share of the cost. However, it is not fair that some payers are forced to pay more than their fair share simply because they choose to use other facilities for non-trauma services.

Recognizing that it would be a difficult, costly and time consuming process to have a regulatory body constantly involved in setting rates for medical services, this proposed legislation takes advantage of an existing state statute regarding discounts for hospital services provided to individuals with no insurance coverage. The thirty (30) percent discount provided by the statute is probably less than the average discounts currently offered to those payers who do receive discounts for trauma services. Typical discounts offered by a hospital for contracted services approximate forty (40) to fifty (50) percent. However, this proposed bill provides a framework to equalize, at least partially, the rates that are charged for trauma services and will create a more level playing field for all users of the designated trauma facility.

I strongly urge the Committee to recommend this bill to the full Assembly for passage, and would be pleased to answer any questions that the Committee members have.

Thank you for the opportunity to present my thoughts on this bill.