



STATE SENATOR
CHARLETA B. TAVARES

15TH DISTRICT

Sponsor Testimony
Presented by: Senator Charleta B. Tavares
Senate Bill 72
Medicaid Committee
Senator Burke, Chair
Wednesday, March 25, 2015

Good afternoon, Chairman Burke, Ranking Member Cafaro and members of the Medicaid Committee; I appreciate you scheduling Senate Bill 72 and your interest in hearing testimony on this important issue. Senate Bill 72 requires Medicaid managed care organizations to follow Ohio's existing prompt pay law.

In the late 1990's the issue of prompt payment gained substantial exposure due to healthcare provider activism for payment reform and lawsuits. Without legislative oversight, providers experienced challenges with cash flow and could not anticipate payment within a predictable period. Because of the activism and legal action prompt payment laws were extended to healthcare plans on the federal level and 47 states enacted legislation to address the issue. Ohio was one of the state's to enact prompt pay legislation in 2002.

Through the Ohio Department of Job and Family Services, the state contracts with Medicaid managed care organizations to coordinate care using a network of providers, pay claims, and facilitate case management activities such as helping to schedule appointments. Although managed care organizations are performing the duties of an insurer and registered with Ohio Department of Insurance, they do not have to follow Ohio's prompt pay law. These companies currently follow Federal law, which requires 90 percent of claims to be paid within 30 days of receipt and 99 percent of claims must be paid within 90 days. Ohio's law goes further to ensure claims are paid promptly. The state requires a claim to be paid or denied no later than 30 days of receipt and an additional 15 days are allowed if supporting documents are needed for the claim. Further, Ohio law only applies to claims that are submitted electronically.

To ensure continued service to patients, healthcare providers need to maintain financial security. Providers who serve patients whose benefits are managed by a Medicaid managed care organization deserve assurance that they will be compensated for services in a timely manner. I understand that many of the providers are now meeting prompt pay standards. This legislation will help assist smaller primary care physicians, pharmacies and other healthcare centers with meeting their financial demands. These are some of the

providers who are seeking to serve one of Ohio's most vulnerable populations and will likely suffer financial ramifications if payment is not received promptly. Other states who have introduced similar legislation include: Arizona, California, Florida, Michigan, Kansas, Kentucky, New Jersey, Oklahoma and Wisconsin.

OhioHealth and Susan B. Komen of Columbus are fully supportive of this legislation.

Chairman Burke and members of the Committee, I appreciate your attention to this issue and I respectfully request your favorable consideration and passage of Senate Bill 72. Thank you and I am happy to respond to questions from the committee.