



The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

December 1, 2009

Dear Senator Reid,

As the health care reform process turns its full attention to the Senate, we write to encourage you to include stronger provisions than those currently in the Senate Finance bill to help ensure transparency and accountability from the private health insurance industry. Currently, unlike Medicare or Medicaid, private health insurers deem the majority of information about the rates they pay and the care that they cover business trade secrets. The unavailability of this data makes it very difficult for physicians to know what services insurers deem medically necessary or our patients' financial liability for their care; moreover, neither our patients nor we can distinguish among insurers in terms of which provide the best value.

This type of information will be of critical importance to our patients when they are able to choose among plans in the new health insurance exchanges. For instance, for patients to make a meaningful choice, they should have access to such basic information as how determinations of medical necessity are made, denial rates and provider rates. This information, together with information about premiums, deductibles and co-pays will help enable consumers to make truly informed choices about which health insurance policy is right for them and their family.

The importance of having this data available is illustrated by an analysis released by the California Nurses Association this past September. Using mandated state government-collected data; the CNA found that between 2002 through June 2009 five of the largest private health insurers in the state rejected 31.2 million claims for medical care, 21% of all claims. The denial rates ranged from a low of 6.5% at one private insurer to a high of 39.6% at another.


Caps on out-of-pocket costs—a critical component of all health care reform bills—do not address the financial risk many of our patients in poorest health face because insurers deem medically necessary services unnecessary and refuse to cover them. They also do not address excessive costs insurers impose on patients when they go out of network, even when they do so involuntarily. For instance, a patient may receive care at an in-network hospital where the hospital-based physicians are out-of-network. Yet there is no data on the health and financial impact of this problem with our health care system.

Our health insurance system will only work well when it ensures that the small percentage of people with the costliest health care needs can get the health care they need without being pushed into poverty or medical bankruptcy. Yet, the data is not available to understand what is currently happening and, as of now, nothing in the Senate bills will make it available.

A public health insurance option, like Medicare, will be transparent and accountable. Private health insurance companies participating in an exchange should be equally so. Coverage protocols, demographic information, and data on claims, cost, and quality should be available for analysis from all plans that participate in an exchange. This information will force insurers to compete on quality and not simply price, and help enable patients to make smarter health insurer choices. It will also help enable health policy researchers to continue efforts to determine which delivery reforms positively impact quality, cost and disparities in care.

To ensure the most efficient and effective means of securing data needed to compare health insurance plans, the federal government should have oversight and enforcement authority that complements state authority. Most states do not have the necessary resources to require insurers to disclose this key data or to analyze and report on it. H.R. 3962, Sections 233 and 242 (c), provide for insurance transparency and accountability, with federal oversight and enforcement. We urge the Senate to support these provisions as well.

Sincerely,



David Evans, MD  
President



Valerie Arkoosh, MD, MPH  
President-Elect