

June 6, 2017

The Honorable Brian Sandoval
Governor
State of Nevada
State Capitol Building
101 N. Carson Street
Carson City, NV 89701

Re: Veto request on AB 382

Dear Governor Sandoval:

On behalf of the American Medical Association (AMA) and our physicians and medical student members, I write to respectfully urge you to veto Assembly Bill (AB) 382. AB 382 is a problematic proposal to address the issue of balance billing in the hospital setting. Rather than a reasonable solution that protects patients from unexpected medical bills while maintaining some incentives for insurers to negotiate with hospital-based physicians in good faith, the current bill offers *some* protections to *only* those patients who have comprehensive health insurance and puts all the negotiating power in the hands of the insurers when it comes to contracting with physicians. We believe the impact of AB 382 will be devastating to the health care system in Nevada in that contract negotiations will be even further imbalanced, physicians and hospitals may leave the state when they cannot keep their practice doors open, and healthcare innovation in Nevada will be severely threatened.

Impact of AB 382 on fair contracting

By capping physician payments at insurer-determined rates when a contract is not in place, physicians come to the negotiating table, if even invited, without any negotiating tools. As written, AB 382 allows insurers to take or leave hospital-based physicians, as they can essentially pay less for physicians' services when they are excluded from the provider networks. This is antithetical to the way contract negotiations traditionally function, as insurers are incented to contract with physicians to get discounted rates and physicians benefit from volume, prompt pay and other inducements.

In a market such as Nevada's, where very few insurers dominate and fair contracting may already be challenged, out-of-network payments should not be subjectively determined by the insurers in a black box, but rather transparently based on data from independent sources. This helps patients understand the scope of their coverage prior to hospital care, and physicians and insurers can negotiate contracts in good faith.

The Honorable Brian Sandoval
June 6, 2017
Page 2

Impact of AB 382 on the economy

If AB 382 were to be enacted, it would eliminate options for physicians in the health care market in Nevada, leading to even greater access issues for patients. Providers across the state will feel the impact of this legislation on their bottom lines, forcing them to make tough decisions that may include closing their practice and leaving the state. Moreover, it would not only impact patients who may not have access to hospital-based care, but Nevada's economy as well. Physicians are a significant economic driver in Nevada, creating \$7 billion in economic output, supporting 46,704 jobs and contributing \$228.5 million in state and local tax revenues. As such, the AMA believes it is impossible to enact AB 382 without unintended consequences to Nevada's economy.

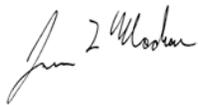
Impact of AB 382 on healthcare innovation

In addition to the concerns above, the AMA believes AB 382 will have a significant impact on health care innovation in Nevada. Now, more than ever, physicians are investing in technology to advance the care they provide. Electronic health records are very expensive but allow physicians to share patient data with other providers, access registries and health information exchanges, e-prescribe, and complete authorizations in minutes rather than days.

Additionally, physicians are investing in new delivery of care models such as accountable care organizations and other value-based designs. These new models have the potential to greatly improve coordination and quality of care for patients, but cannot be explored without significant investments from physicians and other healthcare providers. When Nevada physicians are excluded from provider networks and paid below market rates, they simply will not be able to make these investments.

As we have in other states, the AMA is committed to working with the Nevada State Medical Association, other providers groups, insurers, patients and lawmakers toward a balanced and equitable solution to unexpected medical bills for patients. Therefore, we ask that you veto AB 382 so that a thoughtful solution that protects all Nevadans can be crafted. If you have any questions, please contact Emily Carroll, Senior Legislative Attorney, Advocacy Resource Center at emily.carroll@ama-assn.org or (312) 464-4967. I thank you for your consideration of our concerns.

Sincerely,



James L. Madara, MD

cc: Nevada State Medical Association