



February 20, 2014

The Honorable Bo Watson
Tennessee General Assembly
301 6th Avenue North
Suite 13 Legislative Plaza
Nashville, TN 37243

Re: AMA Support for S.B. 2427, the “Health Care Provider Stability Act”

Dear Senator Watson:

On behalf of the American Medical Association (AMA) and our physician and student members, I am writing in strong support of Senate Bill (S.B.) 2427, the “Health Care Provider Stability Act.” This legislation is essential to improving the fairness and transparency of insurer-physician contracting and supporting physician practices in our communities.

One would think that under a “fair contract,” parties would have to abide by the terms of a contract for the length of the contract. Unfortunately, contracts that health insurers have with physicians frequently allow them to make key changes to the terms at any time. And, given the market power of many insurers, physicians are often powerless to having meaningful negotiations about these provisions or any contract change with the payers.

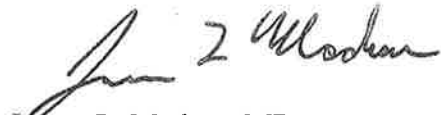
These mid-stream changes may have a significant, negative impact on physician practice revenue and make it very difficult for physicians and other health care providers to engage in accurate financial planning and budgeting. The inability to accurately forecast and budget unnecessarily complicates physicians’ ability to maintain financially sound and efficient practices, can lead to financial instability and uncertainty in practices, and, ultimately, may jeopardize access to care for patients.

Fortunately, S.B. 2427 would provide physician practices with greater financial stability by preventing insurers from making key payment changes to contracts during the term of the agreement. With your legislation, physician practices will be able to better estimate their revenue to ensure they meet budgetary requirements and are making appropriate financial decisions about their practices. In this changing health care environment that includes an influx of new consumers, it is critical that physicians are able to maintain their practices and care for their patients. Your legislation will help them do so.

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Therefore, the AMA strongly supports S.B. 2427 and commends you for your leadership with this legislation. We look forward to working with you toward enactment. Please contact Emily Carroll, JD, Senior Legislative Attorney, Advocacy Resource Center, at emily.carroll@ama-assn.org or (312) 464-4967 with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim L Madara".

James L. Madara, MD

cc: Tennessee Medical Association