

GAO Report Shows Texas Small Employer Health Insurance Market One of the Most Competitive

A recent report released by the U. S. Government Accountability Office (GAO) shows the Texas small employer health insurance market to be one of the most competitive in the nation. The finding reflects favorably upon the state's current regulatory scheme for small employer coverage. It also bodes well for small businesses seeking coverage as the highly competitive nature of the market creates incentives for health insurers to operate efficiently and provide pricing that is responsive to those seeking coverage.

According to the study, Texas enjoys one of the most competitive and least concentrated small employer markets in the country. The study found:

- The median number of licensed insurers in the small group market per state was 27. Texas has 46 small group carriers.
- Nationally, the median market share of the largest carrier in each state was 47 percent with a range of 21 percent in Arizona to 96 percent in Alabama. Texas' largest small group carrier has just 27% of the market.
- The five largest carriers in the small group market in each state represented 75% of the market in 34 of 39 states, and 90% in 23 of those states. Texas' five largest small group carriers represented just 68% of the market.

Industry experts attribute the competitive nature of the Texas market to the lack of regulation for small employer rates. The market's competitiveness combined with the state's existing oversight provides a level of market discipline that has resulted in a wide array of choices, lower prices, and motivation for insurers to be creative in developing insurance products that closely meet the demands of purchasers.

Current state regulations require health insurers offering small employer coverage to file their rating methodology with TDI. Additionally, small employer premium rates must comply with strict limits on variation and ceilings on annual increases.

Hospitals Slow to Adopt Electronic Health Records

There is a broad consensus that electronic health records (EHRs) have the potential to improve the efficiency and effectiveness of healthcare providers. But in the first nationally representative study of the prevalence of EHRs in hospitals, it was discovered that less than 2 percent of surveyed hospitals implemented comprehensive EHRs and less than 8 percent even had basic EHRs in place. The study, "Use of Health Records in U.S. Hospitals", was conducted by researchers from the Harvard School of Public Health (HSPH), Massachusetts General Hospital, and George Washington University. The findings were published in the April 16th edition of the *New England Journal of Medicine* and may be viewed online at www.nejm.org.

The most commonly cited barriers to adoption among hospitals without EHRs were inadequate capital for purchase (73%), concerns about maintenance costs (44%), resistance from physicians (36%), unclear return on investment (32%), and lack of staff with adequate IT expertise (30%). Additionally, hospitals with EHRs cited physician resistance as a major barrier, but were less likely to cite the other four as major obstacles.

According to the study, there is ample evidence that if implemented effectively, EHRs can reduce medical errors, improve quality and make healthcare more efficient.

Health Quiz

1. **Physician rating systems are aimed at directing consumers to high performing doctors who practice evidence-based medicine.**
(a) True
(b) False
2. **Physician groups have attempted to limit the use of physician rating systems.**
(a) True
(b) False
3. **Texas has one of the most competitive small employer insurance markets in the country.**
(a) True
(b) False
4. **According to a recent study, almost 95 percent of all hospitals have basic electronic health records in place.**
(a) True
(b) False
5. **Conflict of interest concerns have led to increased scrutiny of physician-owned surgical centers by government officials.**
(a) True
(b) False

May

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Caraway
16 – Sen. Wendy Davis
22 – Rep. Tan Parker
29 – Rep. Carol Kent
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30 – Rep. Hubert Vo

Physician Rating Gains Business and Consumer Support

In recent years, employers and consumers have demanded better cost and quality data on doctors. As a result, physician rating systems have emerged to help health care purchasers evaluate physicians based on outcomes and their use of evidence-based medicine. Rather than seek to address widespread practice variation, medical and diagnostic errors, and self-referral, the physician community has sought legislative remedies to prevent any attempt to contain cost or improve quality through physician rating.

In an effort to form a consensus on how physician rating systems should operate, employer and consumer groups formed the Consumer-Purchaser Disclosure Project. The project’s goal is to provide Americans with information that will facilitate national standardized measures for clinical quality, consumer experience, equity, and efficiency.

Some of the nation’s leading business, consumer, and labor groups joined the project including 3M Corporation, AARP, AFL-CIO, AT&T, The Business Roundtable, Consumers Union, March of Dimes, The Robert Wood Johnson Foundation, the U.S. Chamber of Commerce, and the United States Office of Personnel Management.

In 2008, the project released guidelines stating that rating measures should be transparent and valid, meaningful to consumers, reflect an array of clinical activities, involve those being measured, and be based on national standards. More information on the project is available at www.healthcaresdisclosure.org.

New Jersey Moves to Limit Growth of Free-Standing Surgical Centers and Referrals by Physician Owners

New Jersey Governor John Corzine has signed into law legislation that would require the registration of free-standing surgical centers in the state, provide limits on referrals to the facilities by physician owners, and place restrictions on future construction of such facilities. The legislation amends a 1991 law that placed limits on physician self-referrals to free-standing surgical centers also known as ambulatory surgical centers (ASC).

The law is part of a growing movement among federal and state officials to reduce the proliferation of free-standing surgical centers and referrals to the facilities by their physician owners. Patient safety issues and conflict of interest concerns have prompted increased scrutiny by policymakers.

The New Jersey law requires existing facilities to register with the state within one year of enactment of the legislation. In order to register, the facilities must obtain ASC accreditation from the Centers for Medicare and Medicaid Services (CMS) or an accrediting entity recognized by CMS.

The new law will effectively end the development of new ASCs unless they are a part of a hospital or medical school. Under the regulations, facilities already under development will have 180 days from the effective day of the law to register with the state. Existing facilities will only be allowed to register if: (1) there is a transfer of ownership; (2) it is relocating; (3) it is owned jointly by a hospital and another entity; or (4) it is owned by a hospital or medical school.

Under the new restrictions, doctors with financial interests in an ASC may refer to that facility if the physician provides written notice to the patient indicating the doctor’s financial interest in the facility, informs the patient that the referral is “out-of-network,” personally performs the procedure being recommended, and receives remuneration that is based on ownership in the facility and not on volume of referrals.

Trivia answers: 1. a (True) 2. a (True) 3. a (True) 4. b (False) 5. a (True)