



News from:  
**COMPTROLLER KEVIN LEMBO**

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**COMPTROLLER LEMBO ANNOUNCES PUBLIC HEARING,  
ONGOING INVESTIGATION INTO HEALTH CARE “FACILITY  
FEES”**

Comptroller Kevin Lembo today announced a public hearing as part of an ongoing investigation into the consolidations of hospitals and other health care providers and their impact on the state health plan – particularly the increasing use of “facility fees.”

“Hospital systems in Connecticut are rapidly acquiring private physician practices and medical facilities,” Lembo said. “We are investigating the potential ramifications -- including additional costs to patients and state taxpayers in the form of new hospital system fees or so-called facility fees.”

Facility fees are charges submitted by a medical facility that some providers claim cover the overhead costs and materials associated with providing care. However, Lembo said facility fee charges are often in addition to “professional fees” that are supposed to cover the cost of the professional services provided. Independent physician offices generally don’t charge facility fees – instead receiving one professional fee for the total cost of the visit. This billing practice is also known as “provider-based billing.”

Lembo is hosting a public hearing to seek information in a transparent setting from hospitals, insurance carriers and physicians groups, as well as patients, consumers and others from the public who would like to speak about these issues.

***The hearing will be Dec. 3 from 2:30 p.m. to 5:30 p.m. at the Legislative Office Building, Room 2D. In addition to invited presenters, Lembo said any member of the public interested in speaking on this issue will have an opportunity to do so***

*beginning at 4 p.m.*

Public Act 14-217 charges the Office of the State Comptroller with evaluating the impact of provider consolidation with hospital systems on the state employee plan, including the impact of facility fees. It also requires the state comptroller to determine the appropriateness or reasonableness of any higher costs or newly instituted facility fees; and finally, to determine the feasibility of limiting such fees. Lembo will report his findings to the governor and legislature by Oct. 1, 2015.

Lembo highlighted recent reports that reinforce concerns about facility fees and other ramifications of increased consolidations between hospitals and physician groups.

An evaluation by the Robert Wood Johnson Foundation found that consolidations “generally results in higher prices,” with as much as a 20-percent increase in already concentrated markets.

The Journal of the American Medical Association also published a study that said, “From the perspective of the insurers and patients, between 2009 and 2012, hospital-owned physician organizations in California incurred higher expenditures for commercial HMO enrollees for professional, hospital, laboratory, pharmaceutical, and ancillary services than physician-owned organizations. Although organizational consolidation may increase some forms of care coordination, it may be associated with higher total expenditures.”

Some invited speakers for the Dec. 3 hearing include Anthem, UnitedHealth Group, Yale-New Haven Hospital, Hartford HealthCare and ProHealth Physicians.

Topics to be covered include the relationship between various fees and direct patient care; how facility fee amounts are determined and related to the professional fee billed; and what patient care improvements hospitals anticipate as a result of acquiring independent practices.

Insurance carriers will be asked to explain how they determine which practices can or must use provider-based billing; their policies to regulate facility fee charges; whether contracted rates for a hospital system are automatically applied to services at practices newly acquired by that hospital; and whether they propose any tools the state plan could use to limit such fees.

Physician groups will be asked to explain their use, or not, of provider-based billing; how they fund overhead costs; concerns they might have related to patient care or total costs associated with these market changes; and what providers are hearing from patients related to provider-based billing practices.

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