TAHP Opposes SB 1723: Backdating Referrals Undermines HMO Cost-Savings

TAHP
The Texas Association of Health Plans

TAHP opposes SB 1723 because it undermines the cost-saving mechanisms of HMOs and disrupts the delivery of coordinated care.

- This change has the potential to eliminate the lower-cost option that HMOs provide when compared to Preferred Provider Organizations (PPOs) and Exclusive Provider Organizations (EPOs).
- While SB 1723 does not eliminate referrals entirely, it creates a loophole that allows providers to backdate referrals up to 30 days.
- This has the same consequences as eliminating referrals, eroding the very foundation of HMOs.

HMOs create savings through referrals:

- One of the main reasons many individuals and families choose HMOs as their health insurance plan is the lower cost compared to other options, such as PPOs and EPOs.
- A crucial factor contributing to these lower costs is the referral system, which ensures that patients receive specialized care only when deemed necessary by their primary care provider.
- Often, primary care doctors can treat patients with lower cost interventions, saving money for families and employers, and resulting in lower premiums.
- Patients also benefit through low or no deductibles by staying in-network and seeking a physician referral.

Patients and employers have options, legislation shouldn't erode choice:

- PPOs offer the greatest flexibility with out-of-network benefits and no requirement for referrals from a primary care physician. But that comes with higher premiums.
- EPOs allow patients to skip referrals but don't cover out-of-network providers.
- HMOs require referrals and only cover in-network providers. These health plans are the most affordable choices with the lowest out-of-pocket costs.