

Memorandum

To: Board of Governors

From: C. David Huffstutler
President and Chief Executive Officer

Subject: Negative National Media Story – St. David’s Medical Center

Date: August 27, 2018

I am writing to make you aware of a [negative national media story](#) related to St. David’s Medical Center. Kaiser Health News and NPR partner on a “[Bill of the Month](#)” segment, during which they dissect and explain medical bills in order “to shed light on U.S. healthcare prices and to help patients learn about how to be more active in managing costs.” Listeners have the opportunity to submit their bills for the segment. This month’s story focuses on a patient who received treatment at St. David’s Medical Center. In addition to NPR, Kaiser Health is collaborating with CBS News on this story, and we anticipate additional coverage on CBS stations this week.

Background:

Austin Independent School District (AISD) benefit-eligible employees are offered narrow network plans administered by Aetna. The patient who is the focus of this story teaches at Austin High and is employed by AISD. He has coverage through one of these narrow network plans offered by the district.

One of the disadvantages of a narrow network plan is that patients have limited access to all providers within the community. St. David’s HealthCare has expressed interest to Aetna in being added as an in-network provider for these narrow network plans, but at this time, St. David’s HealthCare facilities are not included.

Focus of the Story:

As mentioned in the story, after presenting to the emergency room at St. David’s Medical Center with chest pain, it was determined that the patient had significant blockage, and an emergent, complicated, life-saving cardiac procedure was performed. Any time a patient presents to one of our hospitals in need of medical care, our first priority is to stabilize the patient. Once the patient is stable, insurance benefits are verified. If it is determined that our hospital is out of network for the patient’s health insurance plan, we work to transfer the patient to an in-network facility. In emergency situations like this one, however, it is not always possible to transfer the patient to an in-network facility because the patient’s health must come first.

The charges for the services the patient received at St. David's Medical Center totaled approximately \$165,000. Due to the structure of the patient's health insurance plan, Aetna covered about \$56,000 of the bill, and the remaining balance was billed to the patient. While the story asserts that the charges for this procedure were "highly inflated," our review of the account indicates that the charges were reasonable and customary and in line with this type of procedure. As you know, there are a number of factors that determine the amount a patient pays for hospital services. As is standard across the healthcare industry, charges reflect the "retail" price for a procedure, treatment or visit and do not take into account the discount negotiated by a patient's health insurance company or other discounts that we routinely provide due to financial hardship.

The bottom line is that Aetna has chosen to provide a narrow network product, which restricts patient choice, and therefore can potentially place a heavy financial burden on the patient. While we did everything right in this particular situation, the structure of the patient's insurance plan as a narrow network product placed a large portion of the financial responsibility directly on the patient because our hospital was not in-network with the patient's insurance plan.

As you well know, our healthcare system is committed to providing compassionate care to every patient, and we understand the frustration patients experience when their health insurance policies place a large portion of the financial responsibility directly on the patient. We offer up to a 100% discount, depending on a patient's household income, and we work with all patients needing financial assistance to help determine their eligibility for this discount. We have been in communication with the patient who is the focus of this media story about financial assistance, and collection efforts related to his account are on hold. As soon as the patient submits the required financial assistance paperwork, we expect to be able to discount the bill to the in-network rate. We have reached out to the patient a number of times, and we provided him with the financial assistance forms nearly three weeks ago. We are still awaiting his response.

We have communicated with, and have provided a statement to, both Kaiser Health and CBS News to explain that we have attempted to obtain the necessary paperwork from the patient and that he has failed to respond. We know he is physically capable of responding, which leads us to believe that the patient is intentionally not providing us with what we need to resolve this matter.

I realize this is not the type of coverage any of us want for St. David's HealthCare. With this story, we had a number of circumstances that made it difficult to neutralize the coverage—a monthly news segment that seeks to empower patients to challenge their medical bills; a gap in the system that is affecting patients, especially those in emergency situations who need to seek care at the nearest facility, which might not be in-network for their health insurance plan; and, a compelling patient story.

As always, should you have any questions about this issue, please don't hesitate to contact me.