



Surprise Balance Bills

An Expense Most Americans Can't Afford

OVERVIEW

In a survey conducted by the Kaiser Family Foundation, concerns about surprise medical bills surpassed concerns about daily living expenses such as rent or mortgage payments, utility bills, transportation costs or food.¹ Most consumers with health insurance expect their coverage will provide protection from unexpected, exorbitant medical bills, however more than half (57%) of insured Americans have been caught off guard by a medical bill for care they thought would be paid by their insurance plan.² Often, these surprise bills arise from medical care that was unknowingly provided to the patient by an out-of-network physician or at an out-of-network facility. This is an example of “balance billing”, a practice frequently utilized by payers to recoup costs. Balance billing occurs when a provider or medical group, hospital, facility, laboratory or other supplier directly bills a patient for the balance of the amount above what their insurance plan agreed to pay for their medical care. The expansion and prevalence of balance billing practices in the U.S. exacerbates an already untenable situation and places additional unnecessary strain on the health and financial wellbeing of patients. For thousands of CVD and stroke patients, surprise balance bills that result from emergency or routine care, including emergency air or ground transportation, can be life-altering.

AMERICANS NEED COMPREHENSIVE PROTECTION FROM SURPRISE BALANCE BILLS.

Balance bills can arise from emergency or urgent situations when the patient has no ability to select the treatment or care facility, physicians or care team, or ancillary providers. We are particularly concerned about the impact of balance billing practices on individuals who require emergency transportation, especially for air ambulance services, as each year nearly 800,000 Americans experience a stroke³ and more than 350,000 cardiac arrests occur outside of hospital settings.⁴ Emergency transportation services reduce transport time for patients during life-threatening situations and are a critical component of successful treatment for individuals experiencing a serious health event. Patients in these situations have no choice over who provides care or how they are transported and are frequently balance billed as a result. Even in non-emergency situations, the savviest consumer may find themselves hit with a surprise medical bill, as the prevalence of independent, out-of-network providers operating within in-network facilities or hospitals virtually eliminates consumers' power to make an informed choice.

Only 21 states currently have statutes and regulations in effect to protect patients from balance bills, and none are comprehensive enough to protect every insured consumer within each state. These protections vary significantly from one state to another. Moreover, state protections don't apply to a large majority of employer-based plans, which cover over 150 million Americans.⁵ 60% of workers that utilize employer-based health insurance coverage to insure themselves and their families are enrolled in self-funded plans⁶, governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which does not expressly prohibit or restrict balance billing. The need for a comprehensive, uniform policy to protect all Americans from surprise medical bills necessitates action from federal policymakers.

- More than 60% of respondents in a national Consumer Reports survey mistakenly assumed that if they went to an in-network hospital, all the doctors at the hospital would also be in-network.⁷
- Among insured adults surveyed with unaffordable out-of-network bills, nearly 7 in 10 did not know the health care provider was not in their plan's network at the time they received care.⁸
- According to an analysis by America's Health Insurance Plans (AHIP), out-of-network doctors can submit bills up to nearly 1400% higher than the fees paid by Medicare for the same service.⁹
- The New York Department of Financial Services studied more than 2,000 complaints involving surprise medical bills and found the average out-of-network emergency bill was \$7,006, of which insurers paid about half - an average of \$3,228. Consumers were left, on average, “to pay \$3,778 for an emergency in which they had no choice.”¹⁰
- A study examining medical bills from privately insured patients who visited in-network hospitals between 2010 and 2016 found that 39% of emergency department visits and 37% of inpatient hospital visits ended with an out-of-network bill.¹¹
 - Approximately 1 in 5 cardiology visits in both the emergency and inpatient settings resulted in surprise bills.¹²
 - Ambulance services resulted in a surprise bill for 86% of ER visits and nearly 82% of hospital admissions.¹²
- Nearly 70% of air ambulance transports are out of network.¹³
- A GAO report published in 2017 found that between 2010 and 2014, the median prices for emergency air transportation services doubled, from approximately \$15,000 to more than \$30,000.¹⁴

FACT SHEET: Surprise Medical Bills

AHA PRINCIPLES ON BALANCE BILLING

AHA believes policymakers, in conjunction with public and private stakeholders, must take a multi-faceted approach to comprehensively address balance billing. To that end, we have developed a set of principles to frame our advocacy in support of patient-centered and consumer-focused protections from surprise balance bills:

- **Patients should be protected from surprise balance billing.** Policymakers should craft policies that protect patients from surprise balance billing in all health care settings, including emergency transportation settings. In instances when a patient unknowingly receives care from an out-of-network provider or in emergency situations, patients should not be held responsible for resulting balance bills. In these circumstances, the maximum financial liability should be no greater than the in-network cost-sharing amount would be for the same services. This protection should exist regardless of the health insurance plan the patient holds.
- **Actionable and meaningful transparency.** Timely, actionable, and easily understood information should be provided to patients to help them avoid out-of-network services for non-emergency care. Resources should be up-to-date and easily available so consumers can make informed choices and not be held responsible for bills that result from inaccurate or outdated information. Individuals who live in areas with limited provider networks should be protected from balance bills if an in-network provider is inaccessible.
- **Adequate consumer rights and communications.** Prior to receiving non-emergency care, patients should receive prior notification that they will be receiving care from an out-of-network source. This notification should provide concrete information on estimated costs and the opportunity to seek in-network care. Prior notification should not preclude the dispute of a balance bill if there is not a reasonable opportunity to seek alternative in-network care.
- **Dispute Resolution:** Policymakers should craft an equitable dispute resolution process that holds patients harmless. Patients should not be invoiced directly for disputed amounts. In establishing a payment rate and/or creating an arbitration process, patients should never be required to seek relief via a consumer-initiated request for a bill to be settled.
- **Acknowledging existing state statutes.** Federal action to address balance billing should take into consideration potential interactions with current state law. Policymakers should be careful not undermine any existing state laws that provide consumer protections. Instead, federal remedies must ensure a minimum standard of patient protections which states can further build upon.

¹ Rau, J. "Surprise Medical Bills Are What Americans Fear Most in Paying for Health Care." Kaiser Health News. Available at: <https://khn.org/news/surprise-medical-bills-are-what-americans-fear-most-in-paying-for-health-care/>

² NORC AmeriSpeak Omnibus Survey: Surprise Medical Bills. August 2018. Available at: <http://www.norc.org/PDFs/Health%20Care%20Surveys/Surprise%20Bills%20Survey%20August%202018%20Topline.pdf>

³ American Heart Association. Heart Disease and Stroke Statistics 2018 At-a Glance. Available at: https://professional.heart.org/idc/groups/ahamah-public/@wcm/@sop/@smd/documents/downloadable/ucm_498848.pdf

⁴ Benjamin EJ, et al. Heart Disease and Stroke Statistics-2019 Update. Circulation. 2019;139:e56–e528. DOI: 10.1161/CIR.0000000000000659

⁵ Kaiser Family Foundation. 2018 Employer Health Benefits Survey. Available at: <https://www.kff.org/report-section/2018-employer-health-benefits-survey-section-3-employee-coverage-eligibility-and-participation/#fn12>

⁶ Kaiser Family Foundation. "2017 Employer Health Benefits Survey." Available at: <https://www.kff.org/report-section/ehbs-2017-section-10-plan-funding/>

⁷ Consumer Reports National Research Center, Surprise Medical Bills Survey, May 5, 2015. Available at: <https://advocacy.consumerreports.org/wp-content/uploads/2015/05/CY-2015-SURPRISE-MEDICAL-BILLS-SURVEY-REPORT-PUBLIC.pdf>

⁸ Politz, K. "Surprise Medical Bills." Kaiser Family Foundation. March 2016. Available at: <https://www.kff.org/private-insurance/issue-brief/surprise-medical-bills/>

⁹ America's Health Insurance Plans. "Survey of Charges Billed by Out-of-Network Providers: A Hidden Threat to Affordability." Available at: https://www.ahip.org/wp-content/uploads/2015/09/OON_Report_11.3.16.pdf

¹⁰ New York State Department of Financial Services. An Unwelcome Surprise: How New Yorkers Are Getting Stuck with Unexpected Medical Bills from Out-of-Network Providers. March 7, 2012. Available at: http://www.statecoverage.org/files/NY-Unexpected_Medical_Bills-march_7_2012.pdf

¹¹ Sun EC, Mello MM, Moshfegh J, Baker LC. Assessment of Out-of-Network Billing for Privately Insured Patients Receiving Care in In-Network Hospitals. JAMA Intern Med. Published online August 12, 2019. doi:10.1001/jamainternmed.2019.3451

¹² PoliticoPro Datapoint on Healthcare. Surprise Out-of-network Billing Has Rapidly Increased. Available at: <https://subscriber.politicopro.com/datapoint/2019/08/surprise-out-of-network-billing-has-rapidly-increased-098158>

¹³ United States Government Accountability Office. "Air Ambulances: Available Data Show Privately-Insured Patients Are at Financial Risk." March 2019. Available at: https://www.gao.gov/assets/700/697684.pdf?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosvitals&stream=top

¹⁴ U.S. Government Accountability Office. Air Ambulance: Data Collection and Transparency Needed to Enhance DOT Oversight. July 27, 2017. Available at: <https://www.gao.gov/assets/690/686167.pdf>