

ENDING SURPRISE BILLS: TWO STATES, TWO DIFFERENT RESULTS

Patients are facing surprise medical bills even when they do everything in their power to remain in-network for care. To protect patients while still paying clinicians fairly, California and New York enacted laws to stop surprise bills.

Only one—California’s law using a locally determined benchmark payment for out-of-network services—is protecting patients from surprise medical bills, fairly compensating clinicians without raising costs for consumers and increasing doctors’ participation in insurance networks. The favorable payment awards experienced by clinicians in New York are likely to raise overall costs and further incent physicians to drop out of networks to seek higher reimbursements.

THE RESULTS ARE IN

CALIFORNIA

In 2017, California enacted a law to prohibit surprise medical bills by implementing a locally determined payment benchmark for out-of-network services.

0 claims from out-of-network physicians at more than **80%** of hospitals¹

 **116% GROWTH**
in the size of major health plan networks²

 **17% FEWER**
services delivered out-of-network by specialties most associated with surprise billing³

NEW YORK

In 2015, New York passed its own law to address surprise out-of-network bills which relies on arbitration to resolve payment disputes.

CLINICIANS
win the majority of cases, providing an incentive to drop out of networks⁴

Compensation decisions average
 **8% HIGHER**
than the suggested **80th percentile** of billed charges—far above both in-network and typical out-of-network payments⁵

Even when health plans win, clinicians still make
3X MORE
than if in-network⁶

1. "NEW REPORT: CA Compromise To Stop Surprise Medical Bills Is Working And Is The Best Solution For A Federal Fix". 2019. Health Access. <https://health-access.org/2019/09/new-report-ca-compromise-to-stop-surprise-medical-bills-is-working-and-is-the-best-solution-for-a-federal-fix/>.

2. *ibid*

3. Adler, Loren, PhD Erin L. Duffy, Bich Ly, and PhD Erin Trish. 2019. "California Saw Reduction In Out-Of-Network Care From Affected Specialties After 2017 Surprise Billing Law". USC Schaeffer. <https://healthpolicy.usc.edu/article/california-saw-reduction-in-out-of-network-care-from-affected-specialties-after-2017-surprise-billing-law/>.

4. Adler, Loren. 2019. "Experience With New York's Arbitration Process For Surprise Out-Of-Network Bills". USC Schaeffer. <https://healthpolicy.usc.edu/brookings-schaeffer/experience-with-new-yorks-arbitration-process-for-surprise-out-of-network-bills/>.

5. *ibid*

6. Bluth, Rachel. 2019. "To End Surprise Medical Bills, New York Tried Arbitration. Health Care Costs Went Up". NPR.Org. <https://www.npr.org/sections/health-shots/2019/11/05/776185873/to-end-surprise-medical-bills-new-york-tried-arbitration-health-care-costs-went-up>.