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A proposal for avoiding surprise medical bills [column]

DIANE HESS | SPECIAL TO LNP 6 min ago

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If you are one of the two-thirds of Americans who say they are “very worried” or “somewhat worried” about being able to afford unexpected medical bills, there may be good news on the horizon.

The Lower Health Care Cost Act of 2019, introduced by U.S. Sen. Lamar Alexander on June 19, proposes to eliminate surprise medical billing, increase transparency for prescription drugs and provide for advanced notice and justification for significant price increases for prescription drugs.

It also proposes increases in overall transparency for health care services and works to improve public policy for maternal health care.

This bill is significant because, according to a Kaiser Family Foundation analysis published in 2017, roughly one in every six emergency room or in-hospital stays generates at least one out-of-network medical bill.

Specifically, Kaiser reported that 18% of all emergency visits and 16% of in-network hospital stays has at least one out-of-network charge, which leaves patients at risk for surprise medical bills.

In Pennsylvania, the Kaiser study reported that the average percentage of surprise bills for emergency visits is 15%. While the percentage does not seem high, the dollars involved can be catastrophic to the average American family.

A May 2019 Federal Reserve study revealed that nearly 40% of Americans would struggle to cover an unexpected $400 expense. These surprise bills can run into the thousands of dollars.

Surprise medical bills generally arise in two forms.

In the first form, the patient is required to pay a greater share of costs under his or her health plan because the medical services performed were out of network. Many times, patients do not even realize care is out of network until after it is received.

Examples of this are an air ambulance ride from an accident site to a trauma center or a newborn in need of a ride to a neonatal intensive care unit. These situations, where time can mean the difference between life and death, could leave a family in a real financial crisis. And this happens all the time — a 2009 Harvard study said 62.1% of all bankruptcies were because of medical bills.

The other form of surprise bills arises when an out-of-network physician or other provider "balance bills" the patient in an attempt to collect the difference between the amount the provider charged for services and the amount the health plan was willing to pay.

Since surprise bills are often the result of situations beyond a patient's control, such as emergency care or treatment by an out-of-network provider at an in-network facility, most patients are not expecting these bills. Many of these situations happen because the physician has not elected to join a specific network because of payment considerations or network policies, or they are new to the area and have not yet completed the application process.

The Lower Health Care Cost Act would not only address surprise medical bills, but it also addresses a strategy for payment of these claims as they arise. The bill proposes a benchmark reimbursement strategy. This means they will pay the Medicare rate plus a certain percentage above that. While this seems reasonable, the pushback from the provider community is to use arbitration to settle these claims.

The concern of the bill's sponsors is that arbitration will take time, will not necessarily be consistent across all claims, and will use higher reimbursement levels as the starting point for negotiations.

The focus of the proposed legislation is to address surprise medical bills, but it also addresses other key issues for American patients.

I believe the current bill is a well-drafted compromise that will end some egregious practices and delivers on the promises of high-quality, cost-effective care in any scenario.

Change does not happen overnight, but it is good to see that our legislators are taking this issue seriously and proposing real reform.

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