



End Surprise Billing; Keep Patient Choices

Benchmark rates would undermine patient choice

Highlights

- WHA supports Congressional efforts to improve health care price transparency, having voluntarily provided Wisconsin consumers with pricing and quality data since 2004.
- Wisconsin voters overwhelmingly oppose using benchmarked rates as a means to resolve surprise billing.
- Independent dispute resolution would protect patients from surprise medical bills, while preserving Wisconsin's high-quality, high-value health care market.

Wisconsin Hospitals have a Strong Tradition of Supporting Transparency

WHA and our members are strong proponents of transparency. We have voluntarily reported price and quality information through our websites PricePoint and CheckPoint since 2004.

These tools allow consumers to find data on the prices and quality of care provided by hospitals, giving them tools to better understand the value of health care services before they schedule them.

- The PricePoint website also includes an insurance checklist to help patients determine out-of-pocket costs and avoid surprise medical bills.
- WHA members are increasingly providing more robust online, over-the-phone, or in-person cost-estimates that give patients a better idea of what they will pay before receiving care.

Wisconsin has among the Lowest Instances of Surprise Billing in the Country, but Benchmark Rates would Undermine the Health Care Environment in All States

While WHA supports Congressional efforts to resolve surprise billing issues, it also believes legislation should not unfairly penalize states like Wisconsin, where providers have already made efforts to minimize instances of balance billing.

- Data from the Health Care Cost Institute and Kaiser Family Foundation suggest Wisconsin has one of the lowest rates of hospitals admissions that resulted in an out-of-network surprise medical bill, at 4%ⁱ in 2016 and 7%ⁱⁱ in 2017.
- The WI Office of the Commissioner of Insurance (OCI) received only 61 surprise billing complaints over a 15-month period from 2018-2019.
 - The majority of complaints (58%) were concentrated among only 5 insurers.
- Low debt collection rates already incentivize providers to work with insurers to avoid surprise bills. According to Wisconsin hospital debt collection records, unpaid hospital bills that go to debt collection have only an 8.3% collection rate after 12 months.

WHA Position

WHA continues to support a Congressional remedy to reduce instances of surprise billing that preserves Wisconsin's high-quality, high-value health care market.

- Benchmark rates create unintended consequences for hospitals and patients, particularly in rural areas.
- Independent dispute resolution would protect patients while also treating health care providers and health insurers equally.
- WHA continues to support the bipartisan Consumer Protections Against Surprise Medical Bills Act of 2020 as passed by the House Ways & Means Committee.

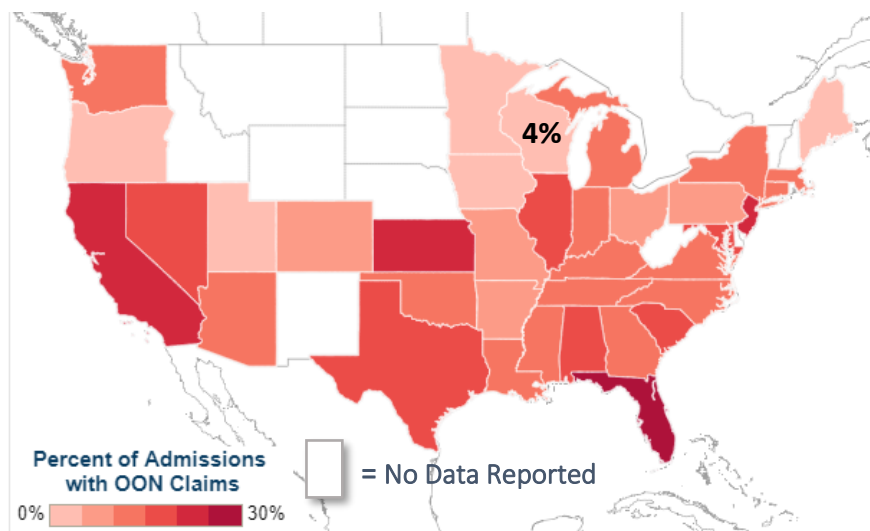
WHA Ask:

Please protect access to high-quality health care by rejecting surprise billing proposals that rely on government-set benchmark rates as part of a COVID relief package.

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Benchmark Rates Create Unintended Consequences that are Particularly Worrisome for Rural Health Care

Proposals that have cleared the Senate HELP and House Energy & Commerce and Education & Labor Committees would rely on government-set benchmarks based on median in-network rates to resolve balance billing disputes. Unfortunately, these proposals would create unintended consequences for hospitals and the patients they care for.

- The CBO projects that median in-network rates would become a ceiling for negotiations, and eventually function as government-set benchmark rates for providers.
- This would reward health insurance companies at the expense of hospitals, which would be forced to accept lower rates or be threatened with being moved out-of-network.
- The domino effect could lead to fewer in-network providers for patients.
- It would also threaten hospital solvency, particularly in rural communities that already have fewer private-pay patients to offset the low rates paid by Medicare and Medicaid.
- Hospitals rely on commercial rates to offset this difference, but government-set benchmark rates would make this harder, leading hospitals to trim important services in order to just stay afloat.
 - *In 2018, Wisconsin saw 42 hospitals lose money, including 13 Critical Access Hospitals, and overall hospital margins decreased for the third straight year.*

Wisconsin Voters Overwhelmingly Oppose Benchmark Rates and Support Independent Dispute Resolution

A poll done in August of 2019ⁱⁱⁱ analyzing Midwest swing-states like Wisconsin found that while Wisconsin voters support Congressional efforts to reduce surprise medical bills, they are very much opposed to using a benchmark rate:

- When asked “*who should be responsible for surprise billing disputes?*”
 - **56% of respondents said the health insurer**
 - 18%-23% of respondents said the patient
 - 9%-12% of respondents said the provider
- In fact, the pollster noted, “***Any policy to address this issue that appears to side with the insurance companies could backfire because they are seen as the problem.***”
- **Only 6% of Wisconsin voters support using a benchmark rate to fix surprise billing disputes.**
- **75% of Wisconsin voters said they support an independent arbitrator to work out disputes.**

How do Wisconsinites View Surprise Billing Proposals from Congress?

- ✓ **56%** - Think Health Insurance Should Pay
- ✓ **Only 6%** - Favor Government-Set Benchmark
- ✓ **More than 75%** Support WHA Position – Independent Arbitrator to Resolves Disputes

*Source – Fabrizio, Lee & Associates

WHA Continues to Support the Approach Most Wisconsinites Support – Independent Dispute Resolution

WHA publicly supported the Consumer Protections Against Surprise Medical Bills Act of 2020 which passed the House Ways & Means Committee on February 12, 2020. The legislation **would protect patients from surprise medical bills while also protecting our free-market health care system by allowing health insurers and health care providers to continue to negotiate.** It would create a 30-day period where providers and insurers would be encouraged to resolve surprise billing disputes. If an agreement could not be reached by then, both sides would present their case to an independent mediator who would decide in favor of one or the other.

WHA continues to oppose government rate-setting proposals and instead supports this approach that would protect free market negotiation as a long-term solution to surprise billing.

ⁱ Health Care Cost Institute. (2019) *Surprise out-of-network medical bills during in-network hospital admissions varied by state and medical specialty, 2016*. Retrieved: <https://www.healthcostinstitute.org/blog/entry/oon-physician-bills-at-in-network-hospitals>. Kevin Kennedy, Bill Johnson, and Jean Fuglesten Biniek.

ⁱⁱ KFF analysis of IBM MarketScan 2017 data. (2019) *An examination of surprise medical bills and proposals to protect consumers from them, 2019*. Retrieved: <https://www.healthsystemtracker.org/brief/an-examination-of-surprise-medical-bills-and-proposals-to-protect-consumers-from-them/>. Karen Pollitz, Matthew Rae, Gary Claxton, Cynthia Cox, and Larry Levitt.

ⁱⁱⁱ The Hill. (2019) *EXCLUSIVE: Swing-state voters oppose 'surprise' medical bill legislation, Trump pollster warns*. Retrieved: <https://thehill.com/homenews/campaign/461780-exclusive-swing-state-voters-oppose-surprise-medical-bill-legislation-trump>. Jonathan Easley