

BLUE CROSS BLUE SHIELD OF MICHIGAN TESTIMONY

October 17, 2019

Thank you Chair Vaupel and members of the House Health Policy Committee. I appreciate the opportunity to come before you to testify in support of the package of bills addressing surprise billing, House Bills 4459-4460 and 4990-4991.

We are here on behalf of our 4.5 million Michigan members. We are very supportive of the solution proposed in this legislation to address this critical issue, and we thank the bill sponsor, committee chair and committee members for your consideration.

Surprise billing, or balance billing, refers to an out-of-network provider's ability to bill patients for additional charges, after the insurer has paid its portion of the bill. The surprise billing problem has continued to grow, placing significant burden on individuals and families.

The key to "surprise" billing situations is the surprise to the patient, who did not choose the out-of-network provider they received care from, and could not have reasonably known beforehand that they would receive care from that out-of-network provider.

Without regulation, billed charges by out-of-network providers can far exceed Medicare payment for the same services—often by 400% to 500%—resulting in surprise bills from the hundreds to many thousands of dollars. Insurers negotiate contracts with providers to assure consumer access to high-quality care at affordable market-driven rates. But when providers refuse to negotiate a reasonable agreement and sometimes decide not to join any coverage network (most commonly occurring amongst certain medical specialties), this results in providers billing charges that are far above market rates, raising health care costs and premiums for all.

Providers who choose to remain out-of-network have the ability to balance-bill consumers. For example, when a group of specialists refuses to join an insurance network, they are able to bill consumers for any amounts above what they have been reimbursed by insurers. Because consumers are often either not made aware of network status prior to receiving care, or because an emergent situation makes this impossible, they can be subjected to whatever charges the out-of-network provider chooses to levy.

While Blue Cross is proud to offer the state's largest high-quality network, including participating networks with every one of the state's hospitals, not every provider working in the hospital participates in an insurer's network and, as such, can balance bill patients. This can make things confusing and complicated for patients. However, there is a reasonable solution that can provide patients with greater protections, and that solution is found in the legislation before you.

Enhanced disclosure and transparency, as well as a reasonable limit on charged rates by nonparticipating providers in certain situations, will greatly limit the financial burden of surprise medical bills on consumers.

In times when emergency care is necessary, it is even more important that protections exist to protect patients unable to exercise choice. The same protection would apply to patients receiving covered non-emergency services at an in-network facility, but by a non-participating provider, in instances when they are not informed or do not have the ability or opportunity to choose a participating provider.

Under these circumstances, House Bill 4459 protects patients from a surprise bill, while requiring that the provider is guaranteed a fair payment from the insurer – the greater of the health plan's average contracted rate with participating providers, or 150% of the rate Medicare would pay for the same service.

House Bill 4460 helps ensure patients can make informed decisions by requiring non-participating providers to provide written disclosure of estimated costs and network participation status, when there is opportunity for advance notice. House bills 4990-4991 ensure compliance with these requirements.

This legislation takes the needed step forward to protect Michigan's consumers from excessive and unexpected balance bills, and helps protect members' financial health as well as their physical health. We encourage your support.

Thank you.

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