

BLUE CROSS BLUE SHIELD OF MICHIGAN TESTIMONY

Thursday, Nov. 9, 2017

Thank you Chair Theis and members of the House Insurance Committee. My name is Gabe Basso and I am the Manager of Government Affairs for Blue Cross Blue Shield of Michigan (BCBSM). I appreciate the opportunity to come before you to testify in support of House Bills 5217 – 5219.

BCBSM appreciates the critical services that air ambulance transports provide to consumers, getting patients to a facility that can provide the needed care, at a time when they are most vulnerable. BCBSM covers both emergent and non-emergent medically necessary air ambulance transports.

We are here on behalf of our members and customers. We are greatly concerned about situations when members unknowingly find themselves in a situation where they are transported by a non-participating provider and are at risk of a substantial balance bill. We hope to protect our members from excessive and unexpected balance bills.

Air ambulance charges by non-participating providers are excessive, unpredictable and continue to rise, leaving patients with massive bills. A 2005 Maryland Health Care Commission air ambulance study found that patients were balance billed an average of \$2,889 by non-participating air ambulance providers; around 10 years later, soaring prices have resulted in balance bills in the tens of thousands. As just one example of what is occurring nationally, a \$13,000 transport in 2007 costs in excess of \$50,000 in 2016. In Michigan, a 2016 DIFS PRIRA case decision demonstrates an out-of-network provider charge of \$65,000 for transporting a patient from Hancock to Grand Rapids; the BCBSM approved payment of \$17,000 was upheld, but the patient was left responsible for a balance bill of almost \$48,000.

We continue to make significant and sincere attempts to contract with air ambulance providers to protect our members from huge balance bill charges. Most of the air ambulance companies operating in Michigan participate with BCBSM. In good faith, we have persisted in our effort to negotiate reasonable contract rates, increasing rates and even offering bonuses to participating providers (paying well over Medicare rates for similar services). In fact, air ambulance companies receive a \$10,000 bonus payment from BCBSM for every emergent flight. However, there are national air ambulance providers operating in Michigan that remain resistant to contracting with health plans due to the incentive of increased revenue through balance billing.

While we are pleased to have contracts with most air ambulance providers in this state at this time, there are still gaps and the fact remains that contracts can change. Without legislation, families could again be left responsible for unexpected and exorbitant costs.

It's no secret to any of you that the cost of health care is a major concern to Michigan families and job providers. We are committed to doing our part to reduce costs, but air ambulance providers currently have considerable leverage and some are willing to walk away from the negotiating table, exposing all of our residents to the possibility of being balance billed by one of these providers.

The biggest problem is a lack of oversight or accountability on air ambulance providers' billing practices, allowing these companies to charge any amount they desire. Normally, market forces—where consumers are informed and able to exercise choice—would help to control costs. However, consumers today are neither made aware of the costs or given the right to choose. This legislation will add these much-needed consumer protections to state law.

BCBSM supports this legislation as an effective approach to better protect consumers and help curb air ambulance balance billing practices. It is only reasonable that air ambulance transport providers and health facilities be required to disclose network status and estimated cost of air ambulance transport prior to ordering a transport in a nonemergency situation. Members are typically subject to the hospital's selection of an air ambulance provider, which may or may not be in-network, leaving members unaware of their liability until after the transport. This legislation will allow any air ambulance to land at a health facility for patients that are in-network, require health facilities to prioritize air transport providers that are in-network, and prioritize ground transport over air, if medically appropriate.

It is essential that we ensure consumers have access to lifesaving care in emergencies, but it is also very important to protect them from financial ruin as a result of that care.

Thank you for your consideration and I welcome any questions.