

# ALTERNATIVE DISPUTE RESOLUTION

## VS. BUNDLING

### A Proven Solution vs. Untested Ideas



### What is a Surprise Medical Bill?

Each year, millions of Americans seek emergency care at a hospital, but even if patients receive care at an in-network hospital, there is a chance that their network does not include the physician, resulting in a surprise or balance medical bill.

## ALTERNATIVE DISPUTE RESOLUTION (ADR):

The Only Solution to Balance Billing That Truly Protects Patients

### \* No patient should ever receive a balance medical bill – period.

#### Any solution to balance billing must:

- Increase transparency and hold the patient financially harmless;
- Maintain the network agreements that are already in place between the vast majority of physicians and plans;
- Ensure patients are not caught between providers and insurance companies; and
- Provide patients with the highest quality of medical care.

### \* An Alternative Dispute Resolution is the best solution for patients.

The ADR approach has proven successful at the state level. Four years ago, New York implemented a bipartisan ADR solution that included the following key components:

- Patients are protected from price negotiations;
- Plans and health care providers use arbitration to establish precedents for contract negotiations; and
- Plans must fully disclose reimbursement levels to patients.

### \* Since the law was enacted in 2015, ADR in New York has led to:

- Stronger protections for patients and more patient-centric health plans;
- Enhanced transparency from health insurers;
- Increased network participation; and
- Fewer out-of-network claims.



In 2015, the out-of-network rate in New York was 20.1 percent. Two years later, after ADR was implemented, the rate plummeted to 6.4% — a massive 68% decrease.

# ALTERNATIVE DISPUTE RESOLUTION VS. BUNDLING

## A Proven Solution vs. Untested Ideas

### Bundling Fails to Protect Patients

Other policy proposals to address balance medical bills, such as bundling by hospitals, fall short of protecting patients, increasing transparency, and preserving access to quality care that patients need.

#### \* Bundling is the most complex, intrusive, and disruptive proposed solution to unexpected medical bills, and the unintended consequences of such a major disruption would likely be significant.

- A bundling approach could push many physicians to face a choice of accepting a take-it-or-leave-it deal or leaving that hospital. This dynamic only promises to exacerbate ongoing issues, and one consequence could be an even greater shortage of emergency medicine and other hospital-based physicians.
- This model would create two separate systems of reimbursement, one for Employment Retirement Income Security Act (ERISA) patients and one for Medicaid, Medicare, and fully insured commercial patients – adding significant complexity, inefficiency, and costs to the health care system.

#### \* Bundling threatens access to care, especially for rural patients.

- Hospital-based physicians care for a much higher percentage of uninsured, Medicaid, and Medicare patients than other doctors. This is particularly true in the emergency room, where patients are treated regardless of their ability to pay;
- Doctors, especially emergency room physicians, rely on being paid a fair market value. If they are paid artificially low rates because of a take-it-or-leave-it bundling system, or a system that ties rates to a low-reimbursement rate, like Medicare, billions of dollars in losses would be shifted to hospitals, which are already operating on razor-thin profit margins – if they're profitable at all;
- Bundling would disproportionately affect vulnerable patient populations that rely on those smaller community systems and rural facilities, as the hospitals treating them are already struggling financially; and
- This in turn would lead to further consolidation among providers – both hospitals and physicians – meaning fewer choices and higher costs for patients.

#### \* Bundling is unprecedented, with no track record of success in the states.

- Any form of bundling would require unprecedented government intervention in the private contracting business within Medicare and Medicaid, but more importantly, within private, commercial insurance and the marketplaces established by ERISA.

The average community hospital only has a

**2%** OPERATING PROFIT MARGIN

+

**30%** OF HOSPITALS are already UNPROFITABLE

In emergency departments,

**70%**

OF PATIENTS DON'T COVER COSTS OF THEIR CARE



Approximately

**140 MILLION** AMERICANS

receive care at an emergency department each year