

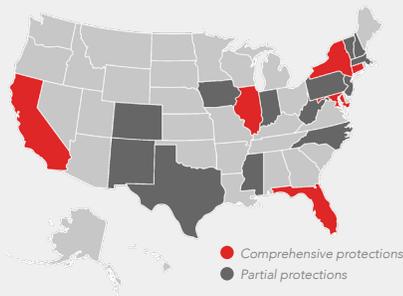
# NEW YORK'S SUCCESSFUL APPROACH TO PROTECT PATIENTS

## FROM COSTLY, UNEXPECTED MEDICAL BILLS



### What is a Surprise Medical Bill?

Each year, millions of Americans seek emergency care at a hospital, and they do their best to ensure that they seek care at an **in-network hospital** covered by their health insurance plan. However, even though patients receive care at an in-network hospital, they could be treated by an **out-of-network physician**, which may result in what is commonly referred to as a surprise or **balance medical bill**.



### STATES WORK TO FIND SOLUTIONS.

#### The results are in.

Of the 11 states that have enacted legislation to address balance billing, **New York's model offers a proven, successful solution compared to models implemented in other states.** An Alternative Dispute Resolution (ADR) process with binding "baseball-style" arbitration works for patients, providers, and payers.

### \* Defining ADR

An ADR process with arbitration will:

- Protect patients from any dispute between a provider and health plan by removing them from the process entirely;
- Incentivize out-of-network health care providers and insurance companies to meet at the negotiating table and, importantly, stay there; and
- Create and preserve a balanced negotiating dynamic between health insurance plans and providers.

### \* ADR's Success in New York

In 2015, New York implemented a bipartisan ADR solution based on a binding "baseball-style" arbitration approach that included the following key components:

- Patients are protected from surprise medical bills and only held responsible for their usual in-network cost-sharing in both emergency and non-emergency care;
- Plans and health care providers use arbitration to establish precedents for contract negotiations;
- Plans must fully and clearly disclose reimbursement levels to patients;
- Plans that offer out-of-network coverage must provide at least a minimum level of coverage for out-of-network services; and
- Patients have the ability to more easily submit out-of-network claims by requiring health plans to accept online submissions and providers to include claims in their billing.

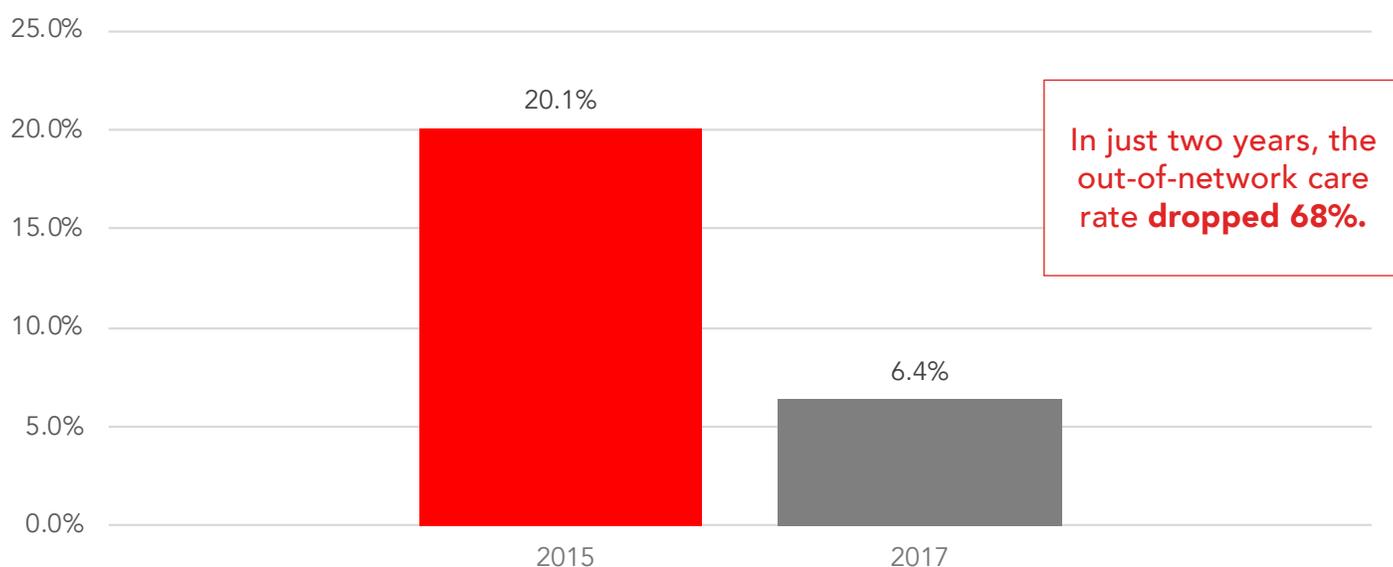
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## A Look at the Key Takeaways

Since New York implemented its arbitration policy, there has been a dramatic reduction in the number of patients receiving out-of-network care: (1) In 2015, the rate of patients receiving out-of-network care was 20.1 percent.<sup>1</sup> (2) Two years after implementation, that rate plummeted to 6.4 percent. This is a 68 percent decrease.<sup>1</sup>

## THE DATA IS CLEAR – NEW YORK'S MODEL IS WORKING

### Out-of-Network Care Rate



### Over time, arbitration has pushed insurers and providers toward an equilibrium in arbitration cases.

- When the process was first implemented, insurers were able to combat high outlier charges by providers. But by 2018, market behavior had adjusted, and providers and insurers have reached a near balance in prevailing in arbitration cases.

### Prices for emergency services have remained stable in New York.

- Not only have prices remained relatively stable for common emergency room procedures, but also despite what many have argued, this ADR process has not resulted in higher charges in New York.
- The 80th percentile of emergency room service values in New York from November 2015 to November 2018 show stability in prices, and even some decreases year-to-year.<sup>2</sup>
- Using a benchmark in the ADR process does not result in gaming by providers.<sup>2</sup>

### An ADR model does not drive up in-network negotiated rates, and in fact has been found to bring them down.

- According to recent research, "Surprise! Out-of-Network Billing for Emergency Care in the United States," from Zack Cooper of the Yale School of Public Health, the New York law did not increase in-network emergency payments.