

In the recent years, there has been an increase in the description of “surprise” medical bills that patients are receiving. Just in the past few months, there has been discussion about this topic in Georgia, North Carolina and most recently Washington, DC. As this topic has increased press, there are some aspects of this that need some explanation.

Balanced Billing and “Surprise Billing” refer to the bills that patient’s receive after being treated at hospitals where there are multiple groups of providers within the hospital system. There may be a group of Emergency Department Physicians, Trauma Surgeons, Anesthesiologist, Intensivists and even Hospitalists. Each of these groups may be contracted with a different staffing company that staffs each different specialty at the hospital. Although this does not effect the care of the patient, as all of the providers work as a team, it effects the funding. Each of the groups will have their own agreement with different insurers. If an individual patient has health insurance that is accepted by all of those providers, then they may not even see a difference. The problem arises for patient’s who have little to no out of network (OON) insurance coverage. The insurance company can determine how much to cover for out of network services, and the patient is left having to pay the difference. This is called the allowable charge. This is where the “surprise” or the “balanced” bill occurs. The patient will get a bill from the individual staffing companies for the balance which is sometimes a surprise to the patient. See Figure 1 for explanation.

Figure 1. Example using 70/30 Coinsurance

	Cost of Service	Allowable Charge for Service	Amount Owed by Patient
Plan A	\$1000	\$900	$100 + 900 \times 30\%$
			\$370
Plan B	\$1000	\$500	$500 + 500 \times 30\%$
			\$650

This is an example using 70/30 coinsurance which correlates to the Insurance plan paying 70% of the fee and the 30% being paid for by the insuree. Plan A has a \$900 allowable charge for an out of network service. This means that the insurance company has set that amount as the price that is then applied to the 70/30 breakdown of the insurance. The insurance company pays 70% of the arbitrary fee that they have set. It does not mean that the full fee of the service is not billed to the patient, but rather what is covered. In Plan B, the insurance company has set the allowable charge to be \$500. The 70/30 breakdown is applied to the \$500. The patient then receives a bill for the difference, or the “balance” of the bill that adds up to the full \$1000.

This is where physicians are not in agreement with the current discussion as it is framed. There is not a surprise if the insurance benefits were better explained. The patient has OON coverage that is limited and therefore causing the bill to be transferred to the patient. The physicians are not the cause of the underlying bill, but rather the “allowable” charge being arbitrarily fixed by the insurance company.

At present, 21 states have some sort of protection against these bills. These protections are diverse without any consensus on the appropriate way to fix the problem. Options range from limiting the amount that a provider can charge, limiting the minimum an insurance company

can pay a provider, having a standard fee structure or at least having a means by which the providers and insurers can negotiate an appropriate fee for a service.

Physician groups are increasingly concerned with the direction the legislation has been moving on this topic across the country. Although everyone is concerned with patients being burdened with the cost of healthcare, the insurance companies have a great deal of culpability in the problem. It is the arbitrary determination of the allowable charge that starts this whole process of giving patient's increased financial burden. With much of the resolution of this current problem being dependent on the agreement between the insurers and physician groups, both stakeholders need to be at the table.

According to The Hill, Senator Cassidy (R-LA) along with Senators Bennet (D-CO) and Hassan (D-CO) are going to be introducing legislation in the next few weeks that will address this on a national level. Last congressional session there were multiple bills that were introduced from both sides of the political aisle and none had much traction. Now the authors of the bills are working on a bipartisan bill that will have broad support in Washington.