



SURPRISE MEDICAL BILLING

Americans are struggling to cover unplanned health service charges often referred to as “surprise medical billing.” Surprise medical bills arise when an insured individual receives unanticipated care from an out-of-network provider. This generally occurs in emergency situations, or when a patient receives in-network facility care administered by an out-of-network provider.¹

In April 2020, the Trump Administration issued guidance banning surprise medical bills for COVID-19 related treatment. Hospitals must charge patients the in-network price of any care in order to receive money from the CARES Act Provider Relief Fund.²

- **Surprise medical billing is widespread across the U.S.**
 - Over half of American adults received a surprise medical bill they expected to be covered by insurance, according to a 2018 survey from the University of Chicago.³
 - 18% of all emergency visits and 16% of in-network hospital stays resulted in at least one out-of-network charge in 2017.⁴ The prevalence of surprise bills varies widely by state.⁵
- **Surprise medical bills are crippling and expensive.**
 - Medical bills represent a top area of concern for adults facing unexpected expenses.
 - 25% of Americans indicated they skipped routine medical care in 2019, such as a doctor or dentist visit, because they were unable to afford the cost;⁶ and
 - 18% had unpaid debt from their own medical care or a family member.⁷
 - Ambulatory services represent a major driver of surprise medical bills. A 2019 GAO report found the median charge for a helicopter ambulance ride cost about \$36,000 in 2017.⁸
 - GAO’s report notes providers are prohibited from sending surprise medical bills to patients with federal insurance, such as Medicare and Medicaid.
 - 69% of privately insured air ambulances were out of the patient’s insurance network.
 - Examples of costly surprise medical bills:
 - A Texas man was billed \$108,951 when he was taken to an out-of-network hospital following a heart attack;⁹
 - A Vermont skier was charged \$18,442 in hospital bills after breaking her leg.¹⁰
- **Price transparency puts patients first by reducing surprise medical bills.**
 - Recently, the Trump Administration directed Congress to pass legislation implementing the Administration’s “core principles,”¹¹ such as price transparency, by Dec. 31, 2020.¹²
 - Transparency empowers patients to protect themselves from high charges caused by unanticipated medical services.
 - One Galen Institute proposal would provide “good faith estimates” on price information **before** scheduled care. Providers often disclose estimates **after** the patient receives medical care.¹³

¹ U.S. Department of Health & Human Services, Office of the Assistant Secretary for Planning and Evaluation, Office of Health Policy, *HHS Secretary's Report on: Addressing Surprise Medical Billing*, July 2020, at <https://aspe.hhs.gov/pdf-report/hhs-secretarys-report-addressing-surprise-medical-billing>.

² Health and Human Services, "CARES Provider Relief Fund," <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/index.html>.

³ Most surprise charges resulted from physician services (53%) and laboratory tests (51%). NORC at the University of Chicago, *NORC AmeriSpeak Omnibus Survey: Surprise Medical Bills*, August 2018,

<https://www.norc.org/PDFs/Health%20Care%20Surveys/ Surprise%20Bills%20Survey%20August%202018%20Topline.pdf>.

⁴ In states such as Minnesota, South Dakota, Nebraska, Alabama, and Mississippi, only 5% of emergency visits ended with an out-of-network bill. However, in states like Texas, New Mexico, California and New York, at least 30% of visits resulted in an out-of-network charge. Lee, Chris, Kaiser Family Foundation, *About 1 in 6 Emergency Visits and Hospital Stays Had at Least One Out-of-Network Charge in 2017*, June 20, 2019, <https://www.kff.org/health-costs/press-release/about-1-in-6-emergency-visits-and-hospital-stays-had-at-least-one-out-of-network-charge-in-2017/>.

⁵ *Id.*

⁶ Board of Governors of the Federal Reserve System, Division of Consumer and Community Affairs, Consumer and Community Research Section, *Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020*, May 2020, <https://www.federalreserve.gov/publications/files/2019-report-economic-well-being-us-households-202005.pdf>.

⁷ *Id.*

⁸ Government Accountability Office, GAO-19-292, *Air Ambulance: Available Data Show Privately-Insured Patients are at Financial Risk*, March 2019, <https://www.gao.gov/assets/700/697683.pdf>.

⁹ Konrad, Walecia, CBS News, "Surprise Medical Bills Sending Consumers Into Shock – Here's How to Avoid Getting Hit." Mar. 15, 2019, <https://www.cbsnews.com/news/surprise-medical-bills-send-you-into-shock-how-to-avoid-getting-hit/>.

¹⁰ *Id.* /

¹¹ U.S. Department of Health & Human Services, HHS Press Office, "HHS Secretary's report Calls for Congressional Action to Combat Surprise Billing and Promote Price Transparency," July 29, 2020, <https://www.hhs.gov/about/news/2020/07/29/hhs-secretary-report-calls-for-congressional-action-to-combat-surprise-billing-and-promote-price-transparency.html> and *Supra*, at 1.

¹² The White House, "Executive Order on an American-First Healthcare Plan," Sept. 24, 2020, <https://www.whitehouse.gov/presidential-actions/executive-order-america-first-healthcare-plan/>. The White House, Executive Order 13877, "Executive Order on Improving Price and Quality Transparency in American Healthcare to Put Patients First," June 24, 2019 <https://www.whitehouse.gov/presidential-actions/executive-order-improving-price-quality-transparency-american-healthcare-put-patients-first/>. The White House, Fact Sheets, "President Donald J. Trump Wants to Protect Patients and Their Families from Surprise Billing" May 9, 2019 <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-wants-protect-patients-families-surprise-billing/>.

¹³ The Galen Institute proposal would rely on existing federal regulations to determine how much insurers would pay providers in cases where a patient is seen at an out-of-network facility for emergency care and doesn't have the opportunity to receive a cost estimate or be treated at an in-network facility. Badger, Doug, and Blase, Brian, The Galen Institute, *A Targeted Approach to Surprise Medical Billing*, December, 2019, https://galen.org/assets/A_Targeted_Approach_To_Surprise_Medical_Billing.pdf.