

## WHA Position

WHA supports a Congressional remedy to reduce instances of surprise billing that preserves Wisconsin's high-quality, high-value health care market.

- Benchmark rates create unintended consequences for hospitals and patients.
- Independent dispute resolution would treat health care providers and health insurers equally.

## WHA Ask:

*As end-of-year packages come together, please support a surprise billing remedy like independent dispute resolution, which protects patients while treating health care providers and health insurers equally.*

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# End Surprise Billing; Keep Patient Choices

## Benchmark rates will undermine patient choice

### Highlights

- WHA supports Congressional efforts to improve health care price transparency, having voluntarily provided Wisconsin consumers with pricing and quality data since 2004.
- Wisconsin voters overwhelmingly oppose using benchmarked rates as a means to resolve surprise billing.
- Independent Dispute Resolution would protect patients from surprise medical bills, while preserving Wisconsin's high-quality, high-value health care market.

### Wisconsin Hospitals have a Strong Tradition of Supporting Transparency

WHA and our members are strong proponents of transparency. We have voluntarily reported price and quality information through our websites PricePoint and CheckPoint since 2004.

- These tools allow consumers to find data on the prices and quality of care provided by hospitals, giving them a tool to better understand the value of health care services before they schedule them.
- The PricePoint website also includes an insurance checklist to help patients determine out-of-pocket costs and avoid surprise medical bills.
- WHA members are increasingly providing more robust online or in-person cost-estimates that give patients a better idea of what they will pay before receiving care.



### Benchmark Rates Create Unintended Consequences, Particularly for Rural Areas

Legislation put forward by the Senate HELP Committee and House Energy and Commerce Committee would use geographic median in-network rates as a means to resolve balance billing disputes. While this may sound logical, it will have unintended consequences for health care, particularly in rural areas.

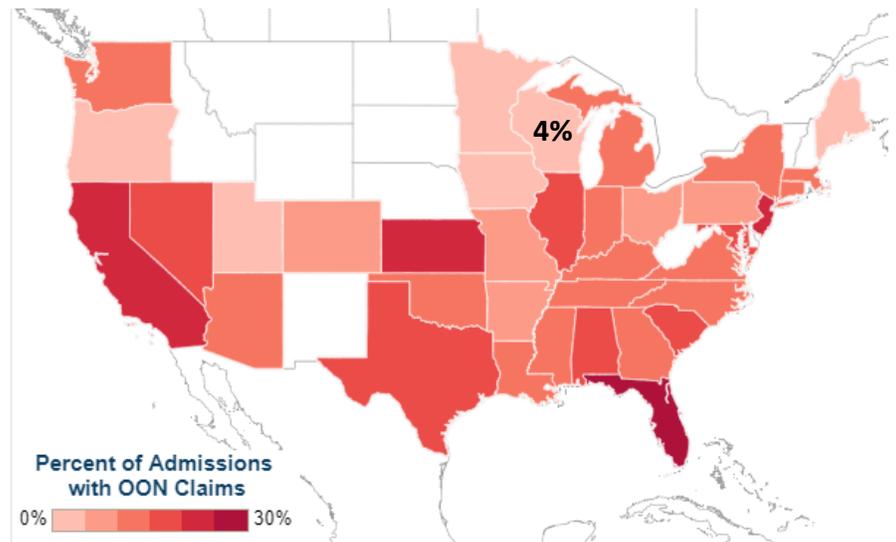
- The CBO projects that median in-network rates will become a ceiling for negotiations, and eventually function as government-set benchmark rates for providers.
- This will reward health insurance companies at the expense of hospitals, which will be forced to accept lower rates or be threatened with being moved out-of-network.
- The domino effect of this could mean fewer in-network provider choices for patients.
- This could threaten hospital solvency, particularly in rural communities with fewer private-pay patients, or lead to hospitals trimming services to stay afloat.
  - *In 2018, Wisconsin saw 42 hospitals lose money, including 13 Critical Access Hospitals, and overall hospital margins decreased for the third straight year.*

The good news is, median in-network rates are not the only way to solve this problem. There is a better way to keep patients from receiving surprise medical bills while providing equal treatment to hospitals and insurers. **Independent dispute resolution (arbitration or mediation) would protect patients by preventing them from receiving a surprise medical bill.** It would allow hospitals and insurers to continue to negotiate in the same way they do today, while using a neutral third party as a backstop in the rare instances where an agreement cannot be reached.

## Wisconsin has Lower Instances of Surprise Billing Compared to Most States

While WHA supports Congressional efforts to resolve surprise billing issues, it also believes legislation should not unfairly penalize states like Wisconsin, where providers have already made efforts to minimize instances of balance billing.

- According to the Health Care Cost Institute, Wisconsin had one of the lowest rates of hospital admissions that resulted in an out-of-network surprise medical bill, at 4% in 2016.<sup>1</sup>
- The WI Office of the Commissioner of Insurance (OCI) received only 61 surprise billing complaints over a 15-month period from 2018-2019.
  - The majority of complaints (58%) were concentrated among only 5 insurers.
- Low debt collection rates can be a disincentive for hospitals to balance bill. According to Wisconsin hospital debt collection information, unpaid hospital bills that go to debt collection have only an 8.3% collection rate after 12 months.



## Wisconsin Voters Overwhelmingly Oppose Benchmark Rates and Support Independent Dispute Resolution

A poll done in late August<sup>2</sup> analyzing Midwest swing-states like Wisconsin found that while Wisconsin voters support Congressional efforts to reduce surprise medical bills, they are very much opposed to using a benchmark rate:

- When asked “*who should be responsible for surprise billing disputes?*”
  - **56% of respondents said the health insurer**
  - 18%-23% of respondents said the patient
  - 9%-12% of respondents said the provider
- In fact, the pollster noted, “*Any policy to address this issue that appears to side with the insurance companies could backfire because they are seen as the problem.*”
- **Only 6% of Wisconsin voters support using a benchmark rate to fix surprise billing disputes.**
- **75% of Wisconsin voters said they support an independent arbitrator to work out disputes.**
- Notably, this poll was done and released by President Trump’s own pollster *after* his administration had initially said it does not favor an arbitration approach.

## WHA Continues to Support the Approach Most Wisconsinites Support – Independent Dispute Resolution

WHA continues to support Congress’s work to address surprise medical bills but it is important that whatever method Congress settles on should improve health care delivery in Wisconsin, and not detract from it. The House Ways and Means Committee has recently discussed the possibility of using negotiated rulemaking. While this could be a workable approach, it is important that any framework not lead toward benchmarked rates, which would harm Wisconsin’s health care system.

***WHA asks you to support a surprise billing remedy that protects patients, while providing equal treatment for health care providers and insurers.***

<sup>1</sup> Health Care Cost Institute. (2019) *Surprise out-of-network medical bills during in-network hospital admissions varied by state and medical specialty, 2016*. Retrieved: <https://www.healthcostinstitute.org/blog/entry/oon-physician-bills-at-in-network-hospitals>. Kevin Kennedy, Bill Johnson, and Jean Fuglesten Biniek.

<sup>2</sup> The Hill. (2019) *EXCLUSIVE: Swing-state voters oppose 'surprise' medical bill legislation, Trump pollster warns*. Retrieved: <https://thehill.com/homenews/campaign/461780-exclusive-swing-state-voters-oppose-surprise-medical-bill-legislation-trump>. Jonathan Easley