

September 9, 2019

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, DC 20510

Dear Senator Durbin:

On behalf of the more than 200 hospitals and nearly 50 health systems represented by the Illinois Health and Hospitals Association (IHA), including the 51 Critical Access Hospitals (CAHs) also represented by the Illinois Critical Access Hospital Network (ICAHN), we appreciate your commitment to protecting patients from surprise medical bills. Illinois' rural hospitals support federal action to ban the practice of "balance billing" after patients seek emergency care or receive certain out-of-network services in an in-network hospital.

Once patients are protected, we believe the standard process of negotiation between providers and health plans is the most equitable approach to ensure hospitals are fairly reimbursed and to protect access to care in rural communities. IHA and ICAHN have serious concerns about two alternative approaches being considered by Congress: rate-setting and "network matching."

Rate setting. Separate bills recently passed by two health committees rely on a government rate-setting approach to pay providers for certain out-of-network care. The *No Surprises Act* (H.R. 3630) and the *Lower Health Care Costs Act* (S. 1895) use a "benchmark" rate, defined as the median in-network amount in a geographic area. Rate-setting could especially undermine CAHs and other rural hospitals by reducing already scarce resources. In turn, this could exacerbate existing challenges such as recruiting and retaining an adequate workforce, maintaining access to higher-cost services such as obstetric care, and addressing urgent community needs such as treatment for substance use disorders.

Additionally, rate-setting could remove the incentive for insurers to create adequate coverage networks for patients who live in rural areas. If insurers are allowed to pay out-of-network providers less than they would pay if those providers were in their network, there would be little incentive to enter into a contract. We respectfully urge you to oppose any legislation that sets payment rates in law, including H.R. 3530 and S. 1895.

Network-matching. Another approach under consideration is requiring hospitals to guarantee to patients and health plans that every practitioner providing care in the facility be considered in-network. This so-called "network matching" approach would require practitioners to either contract with every plan with which the facility has a contract, or to seek

payment directly from the hospital (which would then be responsible for billing on behalf of the out-of-network practitioner).

IHA and ICAHN strongly oppose this untested approach, because it would interfere with the fundamental relationship between hospitals and their physician partners and severely limit practitioners' ability to negotiate contract terms with insurers. Furthermore, under network matching, practitioners could look to hospitals to make up the difference between what they are paid by insurance companies and what they have billed. This additional cost could be especially harmful to rural hospitals which already have slim or negative operating margins and often struggle to recruit and retain physicians.

Again, we appreciate the opportunity to express our shared support for protecting patients from surprise medical bills and maintaining the negotiation process between providers and payers. Thank you for your continued work to ensure all Illinoisans – no matter where they live – have access to the care they need. We look forward to working with you to advance legislation that protects patients and the rural hospitals on which they depend for care.

Sincerely,

A.J. Wilhelmi
President & CEO
Illinois Health and Hospital Association

Patricia Schou
Executive Director
Illinois Critical Access Hospital Network