

Surprise Billing

Issue

Illinois hospitals support federal legislation to protect patients from surprise medical bills, which may occur after a patient receives emergency care or out-of-network services in an in-network facility that could reasonably have been assumed to be in-network.

Illinois is one of nine states identified as having “comprehensive” surprise billing laws. Illinois’ law protects patients by banning the practice of balance billing from certain facility-based out-of-network practitioners who provide services at an in-network hospital and by removing the patient from any disputes that may arise between providers and insurance plans (Illinois Public Act 96-1523).

In the event a dispute arises between providers and health plans, Illinois uses “baseball-style” arbitration as the binding dispute resolution process. In this process, each party must submit a proposed best and final offer to the arbitrator, who chooses one of the two, without modification. In addition to expediting dispute resolution, this approach has proven to be significantly less costly than traditional arbitration or litigation.

Background

All proposals currently being considered in Congress protect patients from surprise medical bills. Still pending is how to resolve payment disputes between providers and health plans, should they occur. Currently, two approaches are being considered:

- Rate-setting (“benchmarking”). This approach would set payment rates in law by using the median in-network rate for services in a designated geographic area.
- Arbitration. Based on successful state-level laws, this approach would use “baseball-style” arbitration, which preserves the private negotiation process between providers and health plans.

Action Requested

- **Support legislation that preserves the standard process of negotiation and uses “baseball-style” arbitration to resolve disputes between providers and health plans, should they occur.**

In addition to expediting dispute resolution, this approach has proven to be significantly less costly than traditional arbitration or litigation.

(Included in the bipartisan Protecting People from Surprise Medical Bills Act, forthcoming legislation to be introduced by members of the Energy and Commerce, Ways and Means and Education and Labor committees. Also included in the STOP Surprise Medical Bills Act, introduced by a Senate bipartisan working group led by Sen. Bill Cassidy, M.D. (R-LA).)

- **Oppose government rate-setting proposals, such as a “benchmarking.”**

IHA believes a standard or benchmark rate would be used as a default amount for additional services, thereby reducing hospital resources and removing the incentive for insurers to create adequate coverage networks for patients. Additionally, use of a standard rate would not include the very considerations that are part of a negotiated rate, such as volume, quality, partnerships or special programs or initiatives.

(Included in the Senate HELP Committee’s Lower Health Care Costs Act and the Energy and Commerce Committee’s No Surprises Act)

For more information, contact:

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