

# Protect NJ Health Care Consumers

*Support A1952/S1285*

*The Out-of-Network Consumer Protection, Transparency,  
Cost Containment and Accountability Act*



## **WE SUPPORT A1952/S1285**

AARP – NJ  
AAUP Biomedical & Health Sciences of NJ  
AFSCME New Jersey AFL-CIO  
AFT Local 1904, Montclair State University  
AFT New Jersey  
American Federation of Teachers  
Anti-Poverty Network  
Consumers Union  
Council of New Jersey State College Locals  
CWA District 1  
CWA Local 1014  
CWA Local 1081  
CWA New Jersey Area (Local 1032)  
David Jones, PDC Member, State Trooper Fraternal Association  
Faith in New Jersey  
Family Voices  
HPAE  
Local 1766  
National Association of Social Workers – NJ  
National Multiple Sclerosis Society, New Jersey Chapters  
National Patient Advocate Foundation  
New Jersey AFL-CIO  
New Jersey Appleseed Public Interest Law Center  
New Jersey Citizen Action  
New Jersey Firefighters' Mutual Benevolent Association  
New Jersey Policy Perspective  
New Jersey State Pipe Trades Association  
New Jersey State Policemen's Benevolent Association, Inc.  
New Jersey Public Health Institute  
NJ Association of Mental Health & Addiction Agencies, Inc.  
NJ Business & Industry Association  
NJ Superior Officers Association  
NJEA  
Professional Firefighters Association of NJ  
Rutgers AAUP-AFT  
South Jersey Chapter of NOW, the Alice Paul Chapter  
State Troopers Fraternal Association  
Statewide Parent Advocacy Network  
Union of Rutgers Administrators

## ***The time to protect consumers from surprise billing is NOW***

Health care consumers need accurate and timely cost information in order to make decisions about their care. What those costs are, and who is responsible for paying them should not come as a surprise. But often such information does come as a surprise because federal and state law does not adequately protect consumers from bills for services that they inadvertently receive from providers that do not have a contract with their insurer. Today, even consumers who make extensive efforts to ensure that the physician or hospital they select is “in-network” with their insurer may nevertheless receive a surprise medical bill for thousands of dollars.

These charges are often the result of provider business models that promote out-of-network practices to increase the provider’s profits. We need to require prominent, easy-to-understand disclosures by providers to ensure that consumers get the information they need to avoid unintended out-of-network charges in the first place. And, we need protections that hold consumers harmless for the generally much higher out-of-network charges that are billed, when no other appropriate “in-network” provider is available. At the same time, we must provide dispute resolution mechanisms to ensure that provider payments are reasonable so as to preclude higher costs from being passed by insurers to consumers through higher premiums. It is a fundamental principle of our Coalition that consumers who make a good faith effort to receive necessary care from in-network providers should be responsible only for the same costs they would have incurred had the provider been in-network.

NJ for Health Care supports legislation that puts consumers first and provides the transparency and protections they need. This includes:

- Accurate disclosure of network participation status of providers involved in care;
- Disclosure by provider of estimated cost of care;
- Consumers are held harmless for out-of-network charges unless they have deliberately, voluntarily and specifically selected an out-of-network provider to perform all the health related services they receive;
- Consumer cost sharing for services unknowingly received from an out-of-network provider is limited to the cost sharing had the provider been in-network;
- Independent binding arbitration process to promptly resolve the out-of-network reimbursement billing dispute, when providers and health plans disagree;
- Establishment of criteria or a range for which legitimate out-of-network charges can be billed;
- Mechanism for consumers who receive prohibited bills to notify their insurance company, and be protected from becoming embroiled in a protracted billing dispute between the provider and the health plan.

**Health Care coverage in NJ is unaffordable and out of network charges by doctors and hospitals adds up to \$1 billion to NJ premiums every year.**

- Premiums in New Jersey's individual market are the highest in the nation.
- Family health premium costs are rising faster than incomes, making coverage unaffordable for many NJ families.
- ACA Marketplace enrollment is slowing down, due mainly to rising premiums caused in part by excessive out-of-network charges. Failing to rein in excessive OON charges undermines the progress we've made under the ACA.
- Almost 1 million New Jerseyans remain uninsured. We cannot achieve universal coverage if we don't crack down on egregious charges like these.

**The bill will rein in excessive charges and reduce health care costs for all NJ's privately insured, by establishing arbitration and a cap on out-of-network rates.**

- All protections in the bill apply to the fully insured market. Union and other employer, self funded health plans can and will opt in to realize these protections.
- The NJ SHBP (State Health Benefits Plan) and local governments will save about \$140 million dollars.
- Disputed out-of-network charges will be resolved through binding arbitration between payer and provider – keeping the consumer out of the middle. Reimbursements will range from 90-200% of Medicare.

**The bill will also protect consumers from surprise, out of network charges. Every year, 168,000 New Jerseyans receive surprise out-of-network bills totaling \$400 million. Under the bill:**

- Consumers will be told whether a provider is in or out of network.
- Disclosure will not void protection. Consumers won't be on the hook for involuntary out-of-network bills in emergencies or when receiving care at an in-network facility. When there is no choice of an in-network provider, consumers will be held harmless.
- Consumers will pay the lowest cost share allowed under their plan in those instances.

**All providers – including hospitals – are and must be subject to the bill's provision in order to protect consumers and our health care system.**

- Most of the surprise out-of-network bills consumers receive are for care they received while in a hospital.
- 8 in 10 NJ hospitals are in-network with all insurers, but close to 20% are not and charge excessively high rates for care. One hospital is charging **\$35,000 for a one night hospital stay – 2700% of the Medicare reimbursement rate of \$1288.**
- Excluding hospitals encourages price gouging and invites more for-profit health companies to game the system to increase profits.