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Consumer Coalition Issues New Report on the Huge Cost of Surprise Out-of-Network Bills

National Consumer and Business Groups Join NJ Advocates To Call on Legislators to Protect Consumers, Rein in Costs of Surprise Medical Bills

Highland Park, NJ – **New Jersey Policy Perspective** and the **NJ for Health Care Coalition**, a diverse collection of organizations which represent health care consumers, released a report today that illustrates the huge fiscal impact that surprise out-of-network bills are having on consumers and health care costs in New Jersey.

The report estimates 168,000 New Jerseyans receive out-of-network medical bills each year, with the total owed by these consumers estimated at \$420 million. That averages out to about \$2,500 out-of-network bill per consumer. About 71% of consumers who received these surprise medical bills report being unaware the provider was out-of-network.

About 1.4 million New Jerseyans are in plans that currently shield consumers from responsibility to pay for higher charges that result from involuntary out-of-network charges. However, insurers are still required to pay the out-of-network provider charges, consumers end up paying higher costs through increased premiums passed on by the insurance providers. In New Jersey, that amounts to 5 million consumers paying up to \$956 million more to their insurance providers. In all that's close to a billion dollars that working families could put in their pockets instead of being syphoned by providers.

Out-of-network charges to insurers are often exorbitant and unfairly drive up premiums for others. The report did a comparison of out-of-network charges billed by one provider to Aetna New Jersey with the Medicare reimbursement rate and the differences were staggering. The Medicare rate for a 24-hour hospital stay for a fracture cost \$6,900, while Aetna was billed over \$48,000 for the same service. In another example, Aetna was billed more than \$127,000 for a 5-day hospital stay for pneumonia, more than 13 times the Medicare rate of \$9,200. New Jerseyans are paying the cost of these excessive out-of-network bills.



“This new research shows that surprise medical billing from out-of-network providers is a much bigger problem in New Jersey than is commonly known. Not only does it affect New Jerseyans who get a bill directly, but up to five million residents who end up paying more in higher premiums for their own insurance,” said **Ray Castro, Senior Policy Analyst for New Jersey Policy Perspective**. “Unfortunately, it is yet another example of how New Jersey’s antiquated health laws are making medical care increasingly unaffordable.”

The harmful across-the-board impact of out-of-network bills has motivated representatives of the state’s business community and national consumer groups to join the consumer coalition in calling for State legislators to prioritize passage of the **Out-of-Network Consumer Protection, Transparency, Cost Containment and Accountability Act (A1952/S1285)**. The Legislature has taken no action on the bill, crafted after exhaustive deliberations with stakeholders, since last November when it was passed by the Assembly Financial Institutions Committee.

“Rampant and egregious out of network bills are choking our health care system and preventing us from achieving the promise of health reform --- affordable health care coverage. A1952/S1285 will protect consumers from getting these bills, and tamp down on egregious charges that get passed onto more than 5 million health care consumers,” said **Maura Collinsgru, Health Care Program Director for New Jersey Citizen Action**. “We must prioritize consumers over profits and pass a bill that expands protections while reining in costs.”

Other states have acted to do just that. Comprehensive consumer protections have been successfully passed in New York, Connecticut and Florida -- showing that different interest groups can come together and break the gridlock to create a solution.

Mary Beaumont, Vice President of Health & Legal Affairs for the NJ Business and Industry Association urged New Jersey to follow suit. “We must take action to bring these costs under control. Consumers and businesses should not face the continual threat of ever higher premiums and medical bills they cannot pay because they are being treated and billed for services offered by a healthcare provider that is not in their network.”

Caitlin Donovan, Director of Outreach and Public Affairs for National Patient Advocate Foundation also urged New Jersey’s Legislature to act stating, “We have seen thousands of patients who have done everything right—bought insurance, made sure to go to an in-network hospital—and still were devastated with a



surprise bill. These practices are simply not fair. It's time to create greater protections for patients—and their families—in New Jersey.”

The bill will allow self-funded health plans regulated by the federal government to opt-in. Many are eager to see protections extended to their members. “Surprise medical bills and high out-of-network charges are among the biggest complaints I hear from my membership when we talk about health care. The handful of providers who exploit out-of-network situations to enrich themselves are driving up the cost of health care for everyone,” said **Eric Boyce, Business Manager and Financial Secretary for Plumbers Local 24**, who is responsible for the Local’s Self-Funded Health and Welfare Fund providing healthcare for 1200 members and their families. “The time has come to put an end to this and restore some common sense and fairness in the system by putting protections in place that put patients and consumers first.”

Consumers Union, the policy arm of **Consumer Report**, has supported national efforts to end surprise medical bills. They’ve heard from families all across New Jersey who have been hit with surprise out-of-network bills, ranging from \$50 to \$50,000. “Surprise medical bills are harsh, unreasonable and unfair hardships for consumers,” said **Chuck Bell, Programs Director for Consumers Union**. “Consumers overwhelmingly want to be taken out of the middle of health plan-provider disputes that cause emotional stress and anxiety, and cost substantial time and money to resolve. We strongly urge legislators to pass this carefully-developed, comprehensive legislation now, so consumers don’t have to wait another year or more for these vital new protections to take effect. ”

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