



VOTE YES TO PASS A1952/S1285

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

The Facts on Out-Of-Network Surprise Bills

“To put it in very, very blunt terms:

This is the health equivalent of a carjacking.”

-Zack Cooper, Assistant Prof., Health Policy & Economics, Yale University¹

More than 1 out of 5 patients visiting the emergency room may face a surprise out-of-network bill.

A New England Journal of Medicine¹ study confirmed that

22% of the time, patients who went to an in-network hospital still received a bill from an out-of-network doctor.

Patients are then stuck, and powerless, in a fight between health-care providers (hospitals and doctors) and an insurance company. And more often than not, the patients are left holding the bill – an often-expensive one.

The New England Journal of Medicine study found that

the average such bill costs more than \$900, and can exceed \$19,000.

Patients and their families already struggle to pay health-insurance premiums. In fact, 20% of insured people have trouble paying their medical bills.²

The Federal Reserve revealed that

47% of Americans couldn't cover an unexpected \$400 expense without selling assets or borrowing money.

¹ Zack Cooper, Ph.D., and Fiona Scott Morton, Ph.D., published a study in the *New England Journal of Medicine: Out-of-Network Emergency Physician Bills – an Unwelcome Surprise*. November 17, 2016.

² Kaiser Family Foundation/*New York Times* Medical Bills Survey, January 5, 2016.

It's been eight years since the Legislature first took up this issue. Patients and their families are still waiting for protection from surprise bills. Meanwhile, doctors and insurance plans continue to squabble, leaving patients in the middle.

Patients “should rightly expect to be treated by in-network doctors and shouldn't face financial ruin as a result of physician bills they cannot reasonably avoid.”³

The solution is in front of us, and the New Jersey Legislature and the Governor must act to protect consumers:

- Give consumers information *before* treatment about which physicians are out of network.
- Provide absolute protection when consumers choose an in-network hospital.
- Provide for binding arbitration where the provider and insurer bring their best offer to the table to allow market competition to work the way it should, and allow consumers to avoid unfair surprise bills.

Everyone Wins

- The consumer is protected from surprise medical bills.
- Employers are protected from rising health-care costs from inflated out-of-network billing.
- Taxpayers are protected when billing for State and local government health benefits are kept in line and surprise bills are eliminated.
- Protections in the proposed legislation apply to the fully insured market. Union and other employer, self-funded health plans can and would opt in to realize these protections.
- The NJ SHBP and local governments would save millions of dollars.

All providers – including hospitals, where most surprise out-of-network bills originate – and insurers - would be subject to the legislation so consumers and our health-care system can be protected.

³ Cooper, Ph.D., & Morton, Ph.D., *New England Journal of Medicine*: Out-of-Network Emergency Physician Bills – an Unwelcome Surprise. November 17, 2016.

Eight in 10 NJ hospitals are in-network with all insurers, but close to 20% are not and some of them – or physicians practicing there - charge excessively high rates for care. One hospital charges \$35,000 for a one-night stay – 2,700% of the \$1,288 Medicare reimbursement rate, according to the *New England Journal of Medicine*.

We need to end this and protect people such as Amy from Fair Lawn; Michael from Wenonah and Cheryl from Manalapan. Here are their stories:

“I was pregnant and needed a C-section. My hospital was in network, my doctor was in network, but the anesthesia group was not in network. How am I supposed to have a C-section without anesthesia? I was billed \$800.”

“My doctor was in network, but I had a stress test that was done by a facility not in network, unknown to me. This was a 15 minute test that they billed the insurance company \$16,000 for. I ended up paying almost \$5,000 of it.”

“I took my daughter to the local emergency room last year. She was having trouble breathing. I received a bill for a little over \$1,000 for the attending physician. It turned out that the hospital accepted my insurance but not the doctor who saw her. It was a completely unexpected bill that I could not afford to pay.”

Most hospitals and physicians bill fairly. But some don't. Let's stop the surprises and, finally, put consumers and tax-payers first.

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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
Employers Association of New Jersey
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 Health Care Quality Institute
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 NOW, the Alice Paul Chapter
State Troopers Fraternal Association
Statewide Parent Advocacy Network
Union of Rutgers Administrators