Nevada Hospital Association

PROVIDING THE VITAL CARE NEVADANS NEED

Patient Protection and Fair Reimbursement
(AKA Surprise Billing)

The Situation

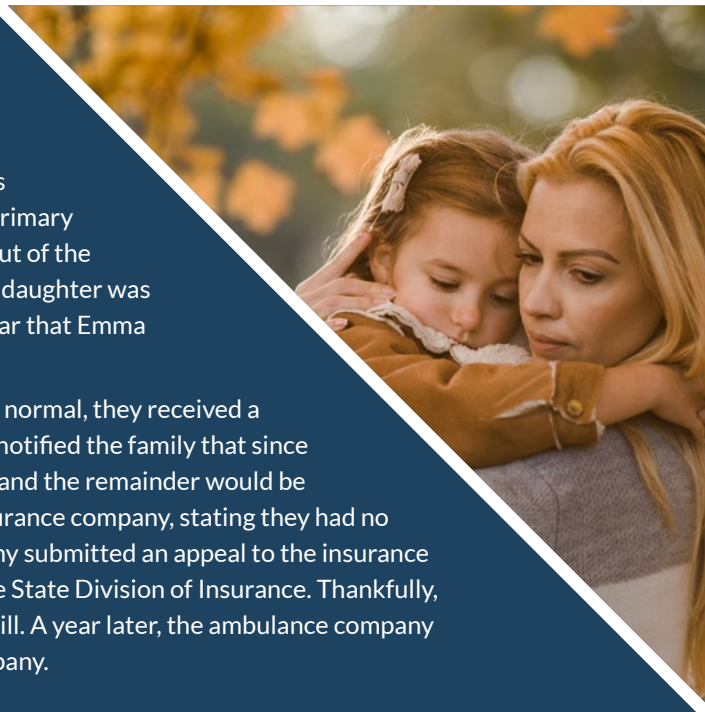
When a patient uses healthcare services, the provider—whether a doctor, hospital, ambulance or other service—will first care for the patient needing emergency care and then will attempt to receive fair reimbursement from the insurance company. When that fails, the provider will bill the patient for the remaining balance. The lack of payment by the insurance company is often a "surprise" to the patient who unknowingly went to a provider outside of his or her network.

This is a growing healthcare problem in Nevada. Insurance companies are limiting member care to smaller, more restrictive provider networks. Additionally, when the patient is out of network, they are arbitrarily setting low payment rates for services without negotiating with providers. Healthcare providers must then bill the patient for the unpaid balance for the services provided, resulting in unexpected bills for the patient.

The reality is that many people are not aware of which doctors and hospitals are in their provider network and what services are covered. Surveys and other reports suggest that many consumers select plans largely because of lower premiums and are unaware of the size of the provider network for the plan they selected. Nationally, the percentage of physician networks that were classified as small or extra-small is 41%-55% for HMO networks, and 25% for PPO networks.

Low levels of reimbursement mean that Nevadans, and visitors to our state, will suffer the consequences. Not only will there be a lack of vital advances in services, technology and infrastructure, but patients will face a financial burden due to unfair reimbursement and surprise billing.

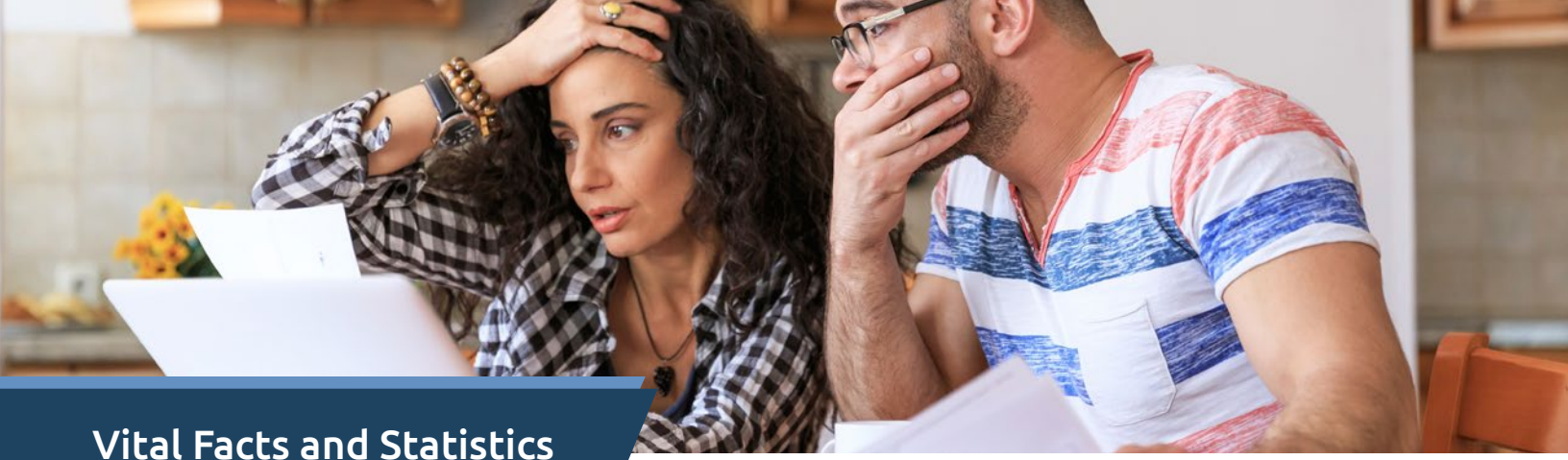
A Family's Story*



Claire receives insurance benefits for herself, James and their two daughters through her employer. They have a family cabin two hours away from their primary residence in Reno, Nevada. One weekend, their oldest daughter Emma fell out of the cabin's second story window. They rushed to the hospital by ambulance, her daughter was evaluated and a doctor suspected internal bleeding. The hospital made it clear that Emma would need be transported to Reno by air ambulance.

Miraculously, Emma suffered no major injuries. Shortly after life returned to normal, they received a bill from the air ambulance company for $52,000. Their insurance company notified the family that since the services provided were out-of-network, they would only cover $14,000 and the remainder would be James and Claire's responsibility. The couple submitted an appeal to the insurance company, stating they had no choice in provider care. That appeal was denied. Then the helicopter company submitted an appeal to the insurance company, which was also denied. The couple then submitted an appeal to the State Division of Insurance. Thankfully, that appeal was heard, and James and Claire soon received a much smaller bill. A year later, the ambulance company confirmed that the amount is still pending payment from the insurance company.

** The names of the individuals in this story have been changed to protect their identity.*



Vital Facts and Statistics

Who Decides?

If there is an out-of-network bill, the payer is the only one with a choice on whether to pay the bill or not.

What Could Happen?

If insurance companies underpay for services or impose rate controls, Nevada's hospitals could be forced to reduce services, capacity and technology.

Aren't there Laws?

Network adequacy laws and regulations only apply to 7% of the commercial insurance market.

Patients seeking emergency care should be protected under the prudent layperson standard, as established in state and federal law, so that health care services are insured by a provider of health care after the sudden onset of a medical condition.

Nevada Hospital Association's Stance

The Nevada Hospital Association believes that unfair payment for patients' hospital and healthcare services by insurance companies creates a terrible burden on patients when they receive a surprise bill. Patients are suffering due to unfair practices by payers, and we believe that insurance companies should pay fairly to benefit the patients. By narrowing their provider network insurance companies can get better discounts by moving their members to fewer providers while at the same time making it difficult for members to find the services they need that are in network close to home or work. A member should be able to access the closest provider and not be subject to a larger than expected bill.

Impact on Other Critical Health Issues

With a small number of urban cities and thousands of square miles of rural populations, Nevada is already an unusual geographic platform for the provision of health care. Lack of adequate providers is a common problem but it can be overcome with the cooperation of the insurance industry.

Nevadans should have the same level of access to care as the rest of the United States. Our citizens should never be surprised by a larger than expected bill due to their payer not fairly reimbursing providers.

The current process is not sustainable for Nevada. It shifts the financial burden to the patient when they believe that their emergency care will be paid for by their insurance company. Patients needing emergency services and providers saving lives should not be penalized when payers make a business decision not to enter into a contract.

For additional information about this topic and more, please visit our site nvha.net/surprise-billing