
Health Care & Wellness Committee

HB 1065

Brief Description: Protecting consumers from charges for out-of-network health care services.

Sponsors: Representatives Cody, Jinkins, Riccelli, Wylie, Ormsby, Tharinger, Macri, Robinson, Slatter, Kloba, Valdez, Appleton, Doglio, Pollet, Stanford, Frame, Reeves and Bergquist; by request of Insurance Commissioner.

Brief Summary of Bill

- Modifies requirements related to coverage of emergency services provided at an out-of-network emergency department.
- Regulates the practice of balance billing by out-of-network providers and facilities and authorizes arbitration of balance billing disputes between health carriers and out-of-network providers or facilities.
- Requires health care facilities, health care providers, and health carriers to provide patients with information about network status.

Hearing Date: 1/23/19

Staff: Kim Weidenaar (786-7120).

Background:

Balance Billing.

When an enrollee receives covered health services from an in-network health care provider, he or she is held harmless for the difference between what the health carrier pays the provider and what the provider normally charges for the services. If the person receives services from an out-of-network provider, however, the provider may bill the person for this difference. This practice is known as "balance billing."

Emergency Services under Federal Law.

Under the Emergency Medical Treatment and Active Labor Act, a hospital must screen, evaluate, and provide treatment necessary to stabilize any patient who comes to the emergency department

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with an emergency medical condition. Under the Affordable Care Act (ACA), a health carrier that offers coverage for services in an emergency department must cover emergency services without prior authorization, without regard to whether the provider is in-network or out-of-network, and with no differential copayments or coinsurance for out-of-network services. "Emergency services" and "emergency medical condition" are defined the same as in state law. The rules implementing the ACA provide a payment methodology for emergency services provided by out-of-network providers. An out-of-network provider may "balance bill" the patient for the balance between the provider's billed charges and the amount the provider was paid by the carrier.

Emergency Services under State Law.

Under state law, a health carrier must cover "emergency services" provided at an out-of-network emergency department if the services were necessary to screen and stabilize an enrollee and a prudent layperson would reasonably have believed that use of an in-network hospital would result in a delay that would worsen the emergency or if use of a specific hospital is required by federal, state, or local law. Likewise, a health carrier may not require prior authorization of emergency services in an out-of-network emergency department if the prudent layperson standard is met. If the carrier authorizes coverage for emergency services, the carrier may not retract the authorization or reduce payment after the services have been provided unless the approval was based on the provider's material misrepresentation about the enrollee's health condition. Coverage of emergency services may be subject to applicable copayments, coinsurance, and deductibles. Except under certain circumstances, a carrier may impose reasonable differential cost-sharing arrangements for in-network and out-of-network emergency services. "Emergency services" are defined as a medical screening examination within the capability of a hospital emergency department, including ancillary services routinely available to the emergency department to evaluate the emergency medical condition, and further medical examination and treatment to the extent they are within the capabilities of the staff and facilities at the hospital, as required to stabilize the patient. "Emergency medical condition" is defined as a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, such that a prudent layperson could reasonably expect the absence of immediate medical attention to result in a condition placing the person's health in serious jeopardy, serious impairment to bodily functions, or serious dysfunction of a bodily organ or part.

Summary of Bill:

Emergency Services.

A carrier must cover emergency services provided by an out-of-network emergency department regardless of whether a prudent layperson would have reasonably believed that using an in-network emergency department would result in a delay that would worsen the emergency or whether federal, state, or local law requires the use of a specific provider or facility. A carrier may only retract authorization or reduce payment for coverage of previously authorized emergency services if the provider's material misrepresentation was made with the patient's knowledge and consent. Coverage of emergency services may be subject to applicable in-network copayments, coinsurance, and deductibles, and provisions related to differential cost-sharing for emergency services are removed. The definition of "emergency medical condition" includes mental health and substance use disorder conditions, as well as conditions that manifest themselves by symptoms of emotional distress.

Prohibition on Balance Billing.

An out-of-network provider or facility may not balance bill an enrollee for:

- emergency services provided to an enrollee; and
- nonemergency health care services provided to an enrollee at an in-network hospital or ambulatory surgical facility if the services: (1) involve surgical or ancillary services; and (2) are provided by an out-of-network provider.

"Balance bill" is defined as a bill sent to an enrollee by an out-of-network provider or facility for health care services provided to the enrollee after the provider or facility's billed amount is not fully reimbursed by the carrier, exclusive of permitted cost-sharing. "Surgical or ancillary" services are defined as surgery, anesthesiology, pathology, radiology, laboratory, or hospitalist services. The balance billing provisions apply to health carriers regulated under the insurance laws and health plans offered to public employees and their dependents, but do not apply to Medicaid. A self-funded group health plan may elect to participate in the prohibition on balance billing. The provisions must be liberally construed to ensure that consumers are not billed out-of-network charges. The Insurance Commissioner (Commissioner) may adopt rules to implement the balance billing provisions, including rules governing the dispute resolution process.

Payments by the Enrollee.

If an enrollee receives health care services for which balance billing is prohibited:

- The enrollee satisfies his or her obligation to pay for the services if he or she pays the in-network cost-sharing amount specified in the enrollee's group health plan contract, which must be determined using the carrier's median in-network contracted rate for the same or similar service in the same or similar geographic region. The carrier must provide an explanation of benefits to the enrollee and the out-of-network provider that reflects the determined cost-sharing amount.
- A carrier, out-of-network provider, or out-of-network facility, or agent, trustee, or assignee:
 - must ensure the enrollee incurs no greater cost than the determined in-network cost-sharing amount; and
 - may not balance bill or otherwise attempt to collect from the enrollee more than the determined in-network cost-sharing amount, but may continue to collect a past-due balance for the cost-sharing amount plus interest;
- The carrier must treat any prior cost-sharing amounts paid in the same manner as cost-sharing for in-network services and must apply paid cost-sharing amounts toward the limit on in-network out-of-pocket maximum expenses.
- If the enrollee pays an amount in excess of the in-network cost-sharing amount, the provider, facility, or carrier must refund the excess within 30 business days. After 30 business days, interest is owed on the unrefunded payment at a rate of 12 percent.

A provider, hospital, or ambulatory surgical center may not require a patient to sign any document that would attempt to waive or alter any of the provisions related to payment of a balance bill.

Payments by Carriers.

The carrier must make payments for health care services covered by the balance billing prohibition directly to the provider or facility. The amount paid to an out-of-network provider

for health care services for which a provider may not balance bill an enrollee are limited to a commercially reasonable amount, based on payments for the same or similar services provided in a similar geographic area. Within 30 days of receipt of a claim from an out-of-network provider or facility, the carrier must offer to pay the provider or facility a commercially reasonable rate. If a provider or facility disputes the carrier's payment, the provider or facility must notify the carrier within 30 days of payment or payment notification from the carrier. If the provider or facility disputes the carrier's offer, the carrier and provider or facility have 30 days from the initial offer to negotiate in good faith. If the carrier and the provider or facility do not agree to a payment amount within the 30 days it must be resolved through arbitration.

Arbitration.

To initiate arbitration, the carrier, provider, or facility must provide written notice to the Commissioner and the non-initiating party no later than 10 days following the 30 day period of good faith negotiation, which must include the initiating party's final offer. Within 30 days of receiving the notice, the non-initiating party must provide its final offer to the initiating party. The parties may reach an agreement on reimbursement before the arbitration proceeding.

Within seven days of receiving the notice from the initiating party, the Commissioner must provide the parties with a list of approved arbitrators, who must be trained by the American Arbitration Association or the American Health Lawyers Association. The parties may agree on an arbitrator from the list. If they do not agree, the parties must notify the Commissioner who must provide the parties with a list of five arbitrators. Each party may then veto two of the five named arbitrators. If one arbitrator remains, that arbitrator is chosen. However, if more than one arbitrator remains, the Commissioner must choose from the remaining arbitrators on the list. This selection process must be completed within 20 days of receipt of the list from the commissioner.

Each party must submit to the arbitrator a written submission in support of the party's position within 30 days of the arbitrator's selection. The initiating party's submission must include the evidence and methodology for asserting that the amount proposed to be paid is or is not commercially reasonable. A party that fails to make a timely submission without good cause are considered in default and must pay the final offer amount submitted by the party not in default. The arbitrator may require the party in default to pay arbitration expenses and reasonable attorney's fees of the party not in default.

Within 30 days of receipt of the parties' submissions the arbitrator must issue a written decision requiring payment of the final offer amount of one of the parties and notify the parties and Commissioner of the decision. The arbitrator must consider:

- the evidence and methodology submitted by the parties;
- the median in-network and out-of-network allowed amounts and the median billed charge amount for the service at issue in the geographic region in which the service was rendered as reported by the data set from the All Payers Claims Database prepared by the Office of Financial Management (OFM);
- the established rate that Medicare would have paid; and
- patient characteristics and the circumstances and complexity of the case, including the time and place of service and whether the service was delivered at a level I or II trauma center or a rural facility.

The OFM must establish a data set and business process to provide carriers, providers, facilities, and arbitrators to assist in determining commercially reasonable payment. The data set must be composed of commercial health plans and exclude Medicare and Medicaid claims as well as those paid on other than a fee-for-service basis. The data set must be available beginning November 1, 2019, and be based upon the most recently available full calendar year of claims data. The data set for each subsequent year must be adjusted by applying the consumer price index-medical component established by the United States Department of Labor to the previous year's data set.

The arbitrator may consider other information that a party believes is justified or other factors the arbitrator requests. Arbitration fees, not including attorney's fees, must be equally divided among the parties to the arbitration. The parties must enter into a nondisclosure agreement to protect any personal health information or fee information provided to the arbitrator.

Multiple claims may be addressed in a single arbitration if the claims: (1) involve the same parties; (2) involve claims with the same or related current procedural terminology codes relevant to a particular procedure; and (3) occurred within 3 months of each other.

The Commissioner must prepare an annual report summarizing the dispute resolution information provided by arbitrators to the Commissioner. The report must include for each dispute resolved the name of the carrier, the health care providers, the provider's employer, the health care facility where the service was provided, and the service at issue. The Commissioner must post the report on its website and report to the appropriate committees of the Legislature annually by July 1.

Notification Requirements.

The Commissioner, in consultation with stakeholders, must develop standard template language for notifying consumers of the circumstances under which they may or may not be balance billed. The template must include contact information for the Office of the Insurance Commissioner (OIC) so that consumers may contact the OIC if they believe they have been improperly balance billed. The OIC must determine by rule when and in what format health carriers, health providers, and health facilities must provide consumers with the notice. Health carriers, health providers, and health facilities must post the Commissioner's notice on their website.

A hospital or ambulatory surgical facility must post on its website a list of the carrier health plan provider networks with which the facility is an in-network provider.

A health care provider's website must list the carrier health plan provider networks with which the provider contracts. An in-network provider must submit accurate information to a carrier regarding network status in a timely manner, consistent with the contract between the carrier and the provider.

A carrier must update its website and provider directory within 30 days of an addition or termination of a facility or provider. A carrier must provide an enrollee with:

- a clear description of the plan's out-of-network benefits;
- notice of rights regarding balance billing using the standard template;
- notification regarding out-of-network financial responsibility;

- information on how to use the carrier's transparency tools;
- upon request, information on a provider's network status; and
- upon request, an estimated range of out-of-pocket costs.

Enforcement and Rulemaking.

If the Commissioner has reason to believe any person or facility is violating provisions relating to balance billing, the Commissioner may submit information to the Department of Health (DOH) or the appropriate disciplining authority for action.

If a provider or facility has engaged in a pattern of violations relating to balance billing, the DOH or appropriate disciplining authority may levy a fine or cost recovery upon the health care provider or facility or take other action as permitted under the authority of the DOH or disciplining authority. Upon completion of its review of any potential violation, the DOH or the disciplining authority must notify the Commissioner of the results of the review. A pattern of violations of the balance billing provisions also constitute unprofessional conduct under the Uniform Disciplinary Act. It is an unfair or deceptive practice for a health carrier to initiate arbitration with such frequency as to indicate a general business practice. A health carrier violating the balance billing provisions is subject to fines and other remedies imposed by the Commissioner. Violations of the provisions relating to balance billing subjects a provider or facility to a fine of up to \$1,000 per violation.

Network Adequacy.

When determining the adequacy of a health carrier's provider network, the Commissioner must consider whether the carrier's network includes a sufficient number of contracted providers practicing at the same facilities with which the carrier has contracted for the network to reasonably ensure enrollees have in-network access for covered benefits delivered at the facilities.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect January 1, 2020, except for section 26 which requires the creation of the claims data set by the Office of Financial Management to be used in determining if a payment is commercially reasonable, which takes effect 90 days after adjournment of the session in which the bill is passed.