

Building a healthy Kentucky together

ENDING SURPRISE MEDICAL BILLS

*Consumers do the right thing.
So should doctors and insurers.*



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WHAT IS A SURPRISE MEDICAL BILL?

A surprise medical bill is any bill for which a health insurer paid less than a consumer expected.

A surprise out-of-network bill is when a consumer goes to an in-network facility but unknowingly gets treated by and billed by an out-of-network provider.



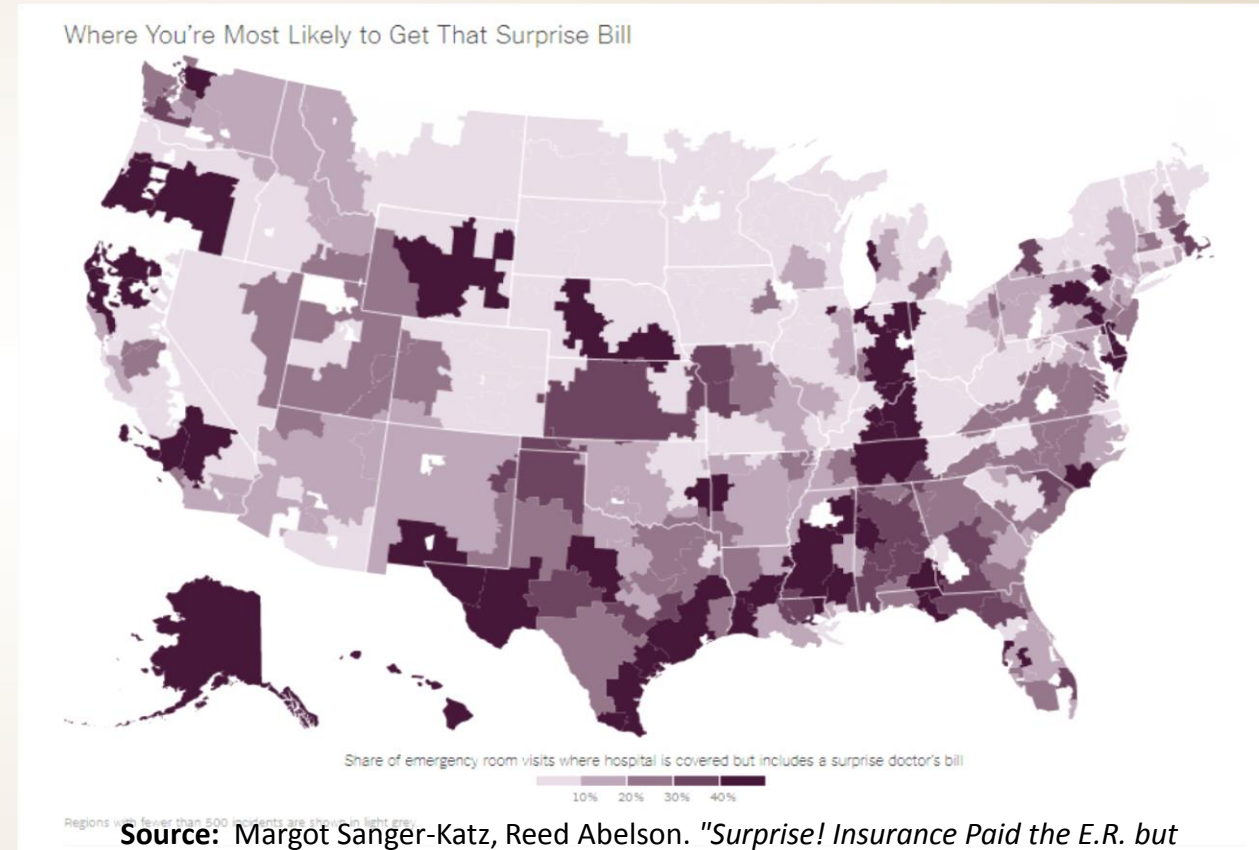
SCOPE OF THE PROBLEM

Consumers Union Survey (2015)

1 in 3 privately insured have received a surprise medical bills
1 in 4 people got surprise bills from an out-of-network provider

Health Affairs (2016)

14% of ED visits
9% of hospital stays
20% of patients admitted via ED



KENTUCKY IMPACT

Nearly 1 in 3 privately-insured Kentucky adults received a medical bill they were not expecting.


23% were charged more than they expected

10% received a bill from a doctor they didn't expect

3% were charged out-of-network rates when they thought the doctor was in-network

2% were charged for services they did not receive

4% experienced something else unexpected



DATA BRIEF NO. 13 | AUGUST 2018

Many Privately-Insured Kentuckians Receive Unexpected Medical Bills; Nearly One-Quarter Unhappy with Resolution, may not Understand Options for Assistance

Unexpected medical bills are surprisingly common. They can take many forms, from charges higher than expected, to bills from unexpected doctors, to bills from out-of-network providers when patients thought they were in-network. States around the nation are taking a close look at these issues, particularly where residents received an unexpected bill from an out-of-network provider through no fault of their own.

A 2018 survey of Kentucky adults examined show prevalent these experiences are in the Commonwealth. Respondents reported receiving unexpected bills regardless of insurance status. This analysis focuses on the respondents with private insurance (about 500 responses). Compared to adults with Medicare, Medicaid, Tri-care or Veterans Health, consumers with private insurance have fewer protections against high and unexpected out-of-pocket costs.

NEARLY ONE-THIRD OF PRIVATELY-INSURED KENTUCKY ADULTS RECEIVED AN UNEXPECTED MEDICAL BILL. Surprise medical bills are very common. Altogether, 32% of privately-insured Kentucky adults reported receiving a medical bill that included an unexpected expense in the prior 12 months. Unexpected bills included:

- 23%—the amount charged was higher than expected
- 10%—a bill from a doctor they didn't expect

Smaller numbers reported being charged out-of-network rates when they thought the doctor was in-network (3%); being charged for services they did not receive (2%) or experiencing something else unexpected (4%). The prevalence of unexpected bills aligns with similar surveys of privately-insured adults.¹

KENTUCKIANS TRIED A NUMBER OF STRATEGIES TO ADDRESS THE SURPRISE BILL BUT WERE OFTEN NOT SATISFIED WITH THE RESOLUTION. Fifty-five percent of privately-insured Kentuckians who received a surprise bill tried to resolve the bill before paying it. As a first step, 38% contacted their insurance plan and 31% contacted the doctor, hospital or lab to resolve their unexpected medical bill (see Table 1).

Table 1: First Step After Receipt of Unexpected Medical Bill

Contacted the health plan or consulted insurance policy/provider directory	38%
Contacted doctor, hospital or lab	31%
Payed the bill without disputing it	20%
Asked a friend or family member for help	3%

Source: 2018 Poll of Kentucky Adults, Ages 18+, privately insured who received an unexpected medical bill, Altarum Healthcare Value Hub, Altarum's Consumer Healthcare Experience State Survey

Results from Altarum's Consumer Healthcare Experience State Survey



KENTUCKY IMPACT

Most Kentuckians tried at least one strategy to address the surprise bill but were often not satisfied with the resolution.

First Effort	Privately Insured Kentucky Adults
Contacting the health plan or consulted insurance policy/provider directory	38%
Contacting doctor, hospital or lab	31%
Paying the bill without disputing it	20%
Asking a friend or family member for help	3%
Took more than one step to resolve a bill	17%



KENTUCKY IMPACT

Among privately-insured Kentucky adults with an unexpected medical bill in the past 12 months, most paid the bill in full or through a payment plan.

Effort	Privately Insured Kentucky Adults
Paid original bill in full	35%
Paid original bill through a payment plan	31%
Negotiated a lower bill	14%
Billing issue was dismissed or written off	14%
Bill was sent to collections and remains unpaid	7%



KENTUCKY IMPACT

1 in 4 unexpected medical bills were not resolved satisfactorily; many remain unresolved.

Resolution Satisfaction	Privately Insured Kentucky Adults
Issue was resolved to their satisfaction	43%
Issue was resolved but NOT to their satisfaction	25%
Issue is still not resolved	24%



WHAT CAUSES SURPRISE BILLS?

- Inaccurate provider directories
- Insufficient consumer disclosure:
 - *When health plan shopping*
 - *When getting services*
- Inadequate provider networks
- Absence of consumer remedies when surprise bills occur
- Insufficient consumer awareness of their rights



WHO'S IN CHARGE?

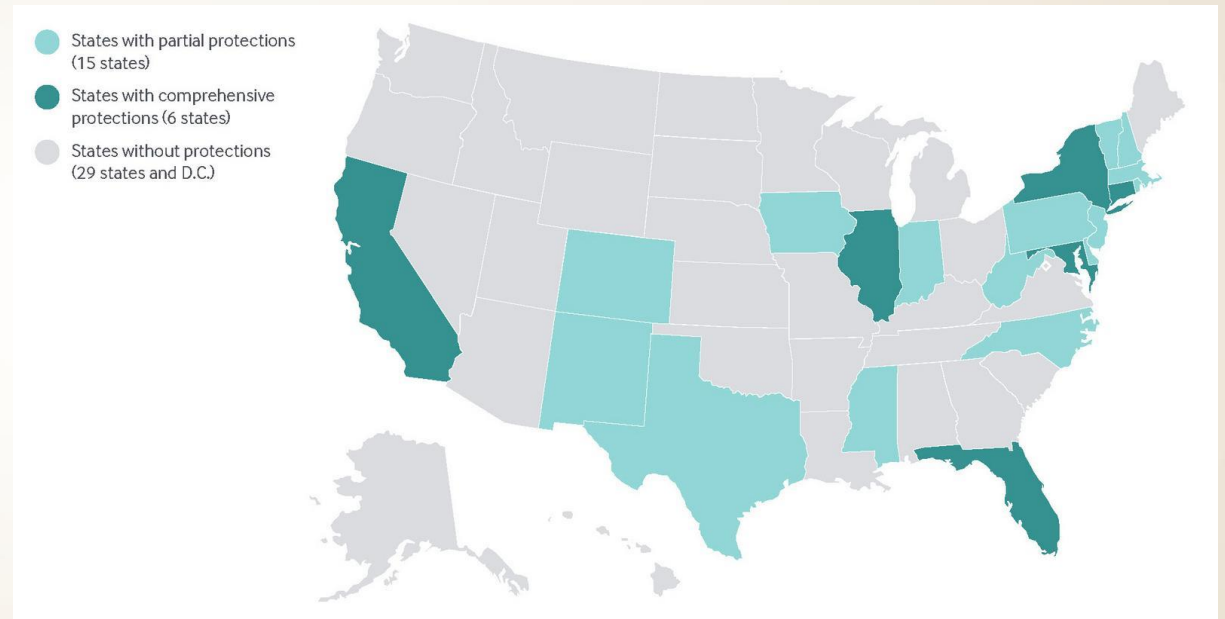
Fully insured plans <i>(individual and small group private coverage)</i>	State regulator
Self-insured plans <i>(large employer)</i>	U.S. Department of Labor
Medicare	<i>balance billing prohibited as almost all providers "accept" Medicare</i>
Medicaid	<i>balance billing prohibited</i>
Air ambulance bill	<i>Federal government</i>



POLICY OPPORTUNITIES

Six states have comprehensive laws to protect consumers by:

- Extending protections to both ED and in-network hospital settings
- Applying laws to HMOs & PPOs
- Holding consumers harmless from extra provider charges
- Prohibiting providers from balance billing
- Adopting adequate payment standards or dispute resolution processes between insurers and providers



2018 KENTUCKY GENERAL ASSEMBLY

[SB 79](#) (Alvarado)

Defined unanticipated out-of-network care; Required an insurer to reimburse at the usual and customary rate; Barred balance billing.

[SB 235](#) (Buford) / [SB 236](#) (Girdler)

Required insurers to cover non-emergency services provided by non-participating providers at in-network facilities at the in-network rate.



PREPARING FOR 2019

- Use Consumers Union's Surprise Medical Bill [Advocacy Guide](#).
- Help us collect stories from Kentuckians who have gotten a surprise bill by using our [story collector](#).
- Share our surprise billing [one-pager](#) with legislators.



Questions?

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