

# Surprise Billing Drives Up Costs for All Texans

In an emergency, patients often must rush to the nearest ER. They usually have no ability to pick the doctors who treat them and typically do not know if those doctors are in their insurance network. Too often, in emergencies where patients do not pick their providers, care is followed by expensive surprise medical bills. **Texas' out-of-network emergency care problem is driving up health care costs for all Texans and causing high rates of surprise medical billing.**

## Mediation Works When Triggered

- **Consumers can count on mediation protections:** Consumers who are able to access mediation and challenge surprise medical bills are held harmless. Providers are prohibited from billing patients once mediation is triggered, and patients do not have to participate in the mediation process.
- **Mediation solves disputes and saves money:** Since 2015, more than 11,000 Texans have saved over \$25 million in expensive surprise medical bills for an average of \$2,203 in savings per bill according to TDI.
- **The problem:** While mediation protects some Texans from expensive surprise medical bills, few Texans understand the process or even know it exists. According to TDI, out of the 250,000 Texans that receive surprise medical bills every two years, fewer than 10,000 use the mediation process.

## Texas Still Has a Surprise Billing Problem, Particularly in the ER

**Surprise Bills Are Inevitable in Texas.** In an emergency, it is nearly impossible for Texans to stay in-network for every service they receive, even when they make sure they go to a network hospital. **In fact, more than 65% of out-of-network ER doctor claims occur at network hospitals.**

**Surprise Billing is Worse in Texas**

**1 in 3** ER admissions in Texas results in a surprise bill, while the national average is only **1 in 5**

Texas

United States

**Consumers Are Powerless in an Emergency**

**300** of the 407 hospitals in Texas have **NO** network ER doctor for the three major health plans

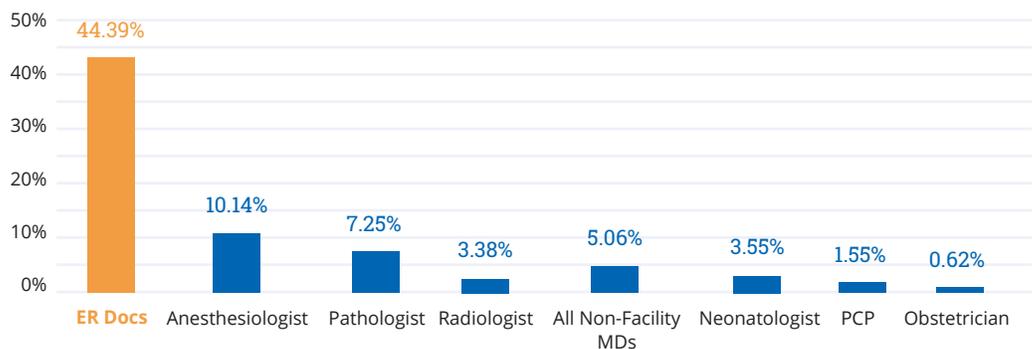
**Freestanding ERs Are Part of the Problem**

**83%** of out-of-network ER facility claims in Texas are caused by freestanding ERs

### Texas Has a Chronic Out-of-Network ER Problem

**Almost 50%** of Texas ER doctor claims are out-of-network, substantially higher than all other types of doctors

Percent of Texas Out-of-Network Physician Claims by Provider Type

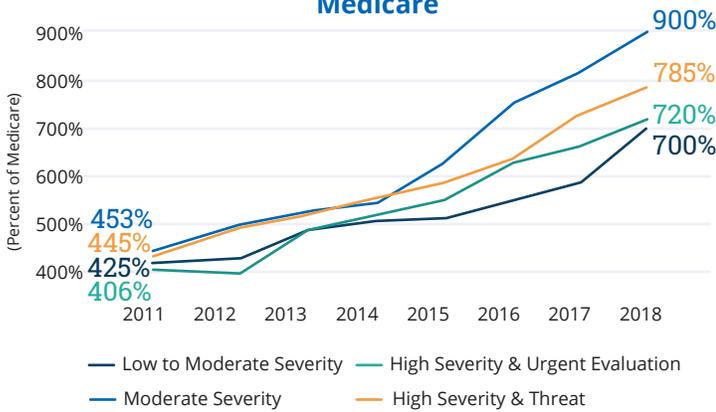


Sources: TAHP, Survey of Out of Network Claims for PPOs in 2017 for BCBSTX, UnitedHealthcare and Aetna, 01/19. Health Affairs, One In Five Inpatient Emergency Department Cases May Lead To Surprise Bills, 01/07. Center for Public Policy Priorities, A Texas-Sized Problem, 02/17.

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## Texas' Emergency Care Prices

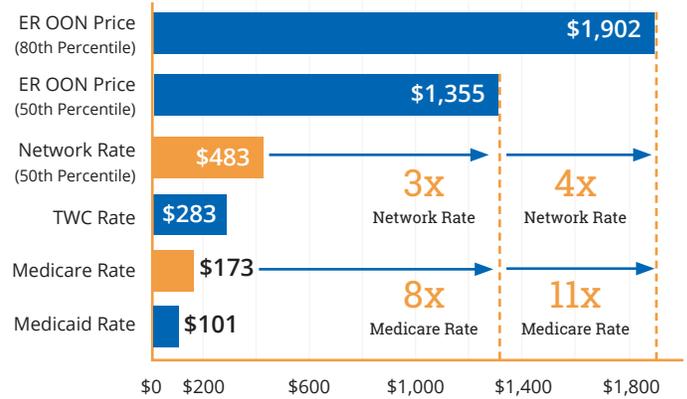
have almost doubled over the past four years — with prices increasing from 500% to 900% of Medicare



Source: FAIR Health, 50th Percentile of FAIR Health 2011-2018, Texas ER Physician Prices as a Percent of Medicare, 2018. Data copyright © 2018, FAIR Health, Inc. All rights reserved. Used by permission. Copying, use and further distribution prohibited.

## Texas' Out-of-Network Emergency Care Prices

are extremely high compared to what is usually accepted in the market



Source: FAIR Health, FAIR Health Texas ER Physician Prices, Texas ER Physician Payment and Prices: High Severity & Threat, 2018. Data copyright © 2018, FAIR Health, Inc. All rights reserved. Used by permission. Copying, use and further distribution prohibited.

## Freestanding ERs Contribute to the Problem

A recent AARP investigation found that freestanding emergency rooms (FSERs) are not following Texas laws. Instead they are misleading Texans about being in-network and putting them at risk of surprise billing.



**30%** of FSER websites do NOT comply with state transparency laws



almost **30%** of FSERs claimed they were in BCBSTX network when they were not



**77%** of FSERs use misleading language like "take" or "accept" insurance but are not in major plan networks

Source: AARP, The Truth About Freestanding ERs, 12/18.

## Myths About Surprise Billing

- **Not a Personal Responsibility or Provider Directory Issue:** Surprise billing typically happens to patients who did not choose or even meet their provider
- **Not a Narrow Network Issue:** Research shows the rate of surprise billing is the same regardless of network size or what type of insurance patients have
- **Not a Network Adequacy Issue:** Surprise billing systematically occurs at Texas ERs, but not with any other health care services

## Truth About Surprise Billing

- **What Drives Surprise Billing:** When patients are forced to see an out-of-network doctor at a network ER, or they receive misleading information from FSERs
- **Incentive to Make More Money Out-of-Network:** Providers have an incentive to make more money out-of-network by charging higher prices
- **Lack of Competition and Provider Choice:** There is a lack of transparency and choice for patients, as well as a high concentration of provider consolidation

## Protect Texas Patients From Surprise Medical Bills

Texas leaders have taken steps over the past decade to create protections from surprise medical bills, but problems remain in Texas—particularly in the ER. Patients should never be financially penalized when they receive care from an out-of-network provider they did not choose. In these circumstances, providers should be prohibited by law from billing patients for costs not covered by their health plan. Instead, health plans, doctors and hospitals should be held responsible for initiating mediation and using Texas' system to reach an agreement on prices.