

---

## Surprise Billing

### *The Issue*

- **Balance billing** occurs when a healthcare provider bills a patient for the difference (or balance) between (1) the provider's charge for a service, and (2) the insurer's reimbursement for that service.
- Balance billing occurs most often when health care services are provided outside a patient's insurance network. As a result, the provider or healthcare facility are not required to accept the in-network rate as complete payment for the service. Instead, the provider or healthcare facility can bill the patient for the difference between their rate for the service and the insurer's reimbursement for that service.
- A "surprise" bill is a balance bill that a patient did not expect to receive. Surprise billing occurs primarily in the healthcare facility setting, where a patient is likely to see numerous providers who may or may not participate in the patient's insurance network. For example, a patient has a joint replacement and verifies before surgery that the facility and the surgeon are both in-network prior to surgery, but is unexpectedly billed for an out-of-network anesthesiologist.
- Nearly **one in five** inpatient hospital admissions include a claim from an out-of-network provider.

### *The Solution*

- Provide clear cost estimates in a timely and easily understandable format, including which charges are out-of-network, for patients before treatment to prevent unexpected bills for care. Estimates should also reflect any changes for in-network providers as well.
- Prohibit payers and other entities from charging patients out-of-network rates in cases where no in-network providers or facilities are available, or when a patient is not provided with a choice of provider. In emergency situations, patients should be held harmless and not responsible for out-of-network services.
- Ensure greater transparency of network directories. Network directories should be meaningful and continuously updated to reflect an accurate network for both providers and facilities. Patients should be notified promptly if a provider becomes out-of-network between the making of the appointment and the appointment date.
- Establish fair standards for mediation between providers and insurers that hold the patient harmless should unexpected charges occur.

### *Current Trends*

- As of December 2018, 25 states have laws offering some balance billing protection to their residents, and nine of them offer comprehensive protections limiting surprise out-of-network bills, increasing cost estimate disclosures, and/or providing mediation guidelines in the case of a dispute.

- There have been many bills introduced in state legislatures across the country in early 2019 to address surprise billing; these bills would impact people with state-regulated health insurance (such as State Exchange plans).
- Congress is considering legislation to address surprise medical billing for patients enrolled in employer-sponsored health plans due to increased incidence of bills for out-of-network services; employer-sponsored plans are regulated at the federal level, which requires Congressional action to amend.
- The National Association of Insurance Commissioners in 2015 released model legislation called the [Health Benefit Plan Network Access and Adequacy Model Act](#) addressing balance billing and other charges related to surprise out-of-network charges; this model legislation creates a roadmap for states that want to address surprise billing.
- The Brookings Institution has recently released a [white paper](#) that provides an overview of various state approaches to tackling the issue of surprise billing.

#### *Take Action!*

- Advocate for reforming surprise billing in your state by signing up to be an advocate [here!](#)
- If you have had an experience with surprise billing, please consider sharing your story in the Arthritis Foundation's [story bank tool](#) so that we can provide concrete examples of the impact surprise billing has on patients.