Testimony of Barbara Gerken

On Behalf of the Ohio Association of Health Underwriters

In Support of H.B. 388

Before the House Finance & Appropriations Committee

May 5, 2020

Co-Chairs Oelslager and Callender, Vice-Chairman Scherer, Ranking Member Cera and members of the House Finance Committee, I am submitting this testimony in my capacity as Legislative Chair of the Ohio Association of Health Underwriters (OAHU). OAHU members are licensed insurance agents and are experts in the sale and servicing of health insurance products in Ohio's individual, small group (1-50) and large group (51+) markets.

I want to re-enforce OAHU's strong support for H.B. 388. **The issue of "surprise" health insurance bills is not going away** and action on this legislation in a timely manner is extremely important to protect Ohio health care consumers. **OAHU continues to hear from our members that on a regular basis their clients have been negatively affected by a "surprise bill" in a hospital setting.**

Surprise bills occur in both emergency and non-emergency situations. When surprise bills occur today, there is an undefined, protracted process that in many cases leaves our clients financially impaired.

In an August 12, 2019 analysis released by the Journal of the American Medical Association (JAMA) the authors concluded the following:

- In reviewing just under 5.54 million hospital inpatient admissions and just over 13.5 million emergency department admissions between 2010 and 2016, out-of-network billing increased from 32.3% to 42.8% of emergency room visits, and the mean potential liability to patients increased from $220 to $628.

- For inpatient visits, the incidence of out-of-network billing increased from 26.3% to 42% and the mean potential liability to patients increased from $804 to $2,040.

The conclusion of the research was as follows: "It appears that out-of-network billing is becoming more common and potentially more costly in both the emergency department and inpatient settings."

OAHU supports H.B. 338 because it establishes an appeal process to negotiate reimbursement utilizing easily understood reimbursement criteria. Under the process, the reimbursement would be the **greatest** of the following three rates:

- The median in-network rate.
- The out of network rate if there is out of network coverage.
- The Medicare rate.

In addition, the consumer cannot be billed for the difference between the plan's reimbursement and the provider's charge.

Another option under H.B. 388 is for the out of network provider to negotiate a reimbursement directly with the emergency room facility. If the negotiation is not resolved within 30 days, then the out of network provider may request arbitration. When the arbitration process is completed, the loser pays 70% of the arbitrator's fees and the prevailing party pays 30%.

OAHU believes that H.B. 388 establishes a reasonable reimbursement methodology that will increase the likelihood that providers and payors can come to a mutually agreeable payment.

H.B. 388 rightly makes arbitration a last resort.

Thanks for your consideration of OAHU's testimony.