



Senator Steve Huffman and Senator Nickie J. Antonio
Senate Insurance & Financial Institutions Committee
October 9, 2019
Senate Bill 198

Chairman Hackett, Vice Chair Hottinger, Ranking Member Craig, and members of the Senate Insurance and Financial Institutions Committee, thank you for having us here today to present sponsor testimony on Senate Bill 198, which would change the process by which patients are charged for unanticipated medical care and relieve the burden unexpected costs inflict on patients who receive them.

Surprise billing refers to when a patient unavoidably and unknowingly receives treatment from a provider outside of their health insurer's network, often resulting in an unexpected, large balance billed to the patient. A common example of this is when a patient seeks care at an in-network facility but is treated by an out-of-network health care provider.

Patients should not be stuck in the middle of payment disputes between providers and insurance companies, nor should they have to worry about paying an out-of-network cost when they seek care at an in-network facility. This legislation seeks to solve this problem and create a process that is fairer for patients receiving medical care.

Senate Bill 198 offers a solution to the problem of surprise medical bills by creating a comprehensive and equitable system which would guide the arbitration process that would be settled between the health plan issuer and individual health care provider. The provisions in this bill incentivize both parties reach equitable contract terms in advance of the patient receiving a bill.

This legislation will prohibit an out-of-network health care provider from issuing a bill to a covered individual for more than that individual's applicable in-network cost. Instead, the provider will send the reimbursement request to the patient's health plan issuer. Upon receiving that notice, the health plan issuer will be given 30 days to either pay the requested amount or attempt to negotiate the reimbursement with the individual health care provider. If a negotiation attempt is made by the health plan issuer, then the provider and issuer will have 60 days to negotiate a settlement.

If these negotiations are unsuccessful, either party can request a binding arbitration. The arbitration process will be monitored by the Superintendent of Insurance and must conclude within 30 days of the arbitrator being appointed.

Claims of at least \$700 will be subject to the arbitration process under Senate Bill 198. Health plan issuers receiving claims from out-of-network providers for less than \$700 will be required to reimburse the provider at the lesser amount of either the provider's charge or the 80th percentile of all provider charges in the same or similar specialty health care service in that geographic area.

The negotiation and arbitration processes will not apply to scenarios in which a patient knowingly and willingly accepts care from an-out-of-network provider after being provided a good-faith cost estimate of the out-of-network service and given the option to receive the medical services at a different facility or from a different health care provider. These processes also do not apply to Medicaid managed care or health care services, as provider fees for these services are already regulated under Ohio law.

Senate Bill 198 will also require health plan issuers to create and maintain a directory of health care providers for each of its health benefit plans so consumers are able to identify in-network providers when making decisions regarding their health care services.

Legislation similar to Senate Bill 198 has been successfully implemented in other states, and we are confident that it would be successful here in Ohio as well. According to the Pew Charitable Trusts, at least 25 states, including Indiana, Illinois, Pennsylvania and West Virginia, now have laws which protect patients from out-of-network bills.¹ It is time for a reasonable and comprehensive solution to end surprise medical bills, protecting patients and establishing a fair and efficient means of resolving disputes concerning payment for the delivery of health care services.

Thank you again for giving us the opportunity to speak about Senate Bill 198, and we are happy to answer any questions the committee may have.

¹ <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/04/05/surprise-medical-billing-some-states-ahead-of-feds>