



MEMORANDUM OF SUPPORT: S.4241-A/A.7611-A

June 19, 2017

BILL NUMBER S.4241-A (Seward) same as A.7611-A (Cahill)

TITLE OF BILL: An act to amend the financial services law, in relation to establishing protections from excessive hospital emergency charges

PURPOSE OF BILL: This bill subjects hospital charges for emergency services to the independent dispute resolution process established to protect against excessive emergency charges.

STATEMENT OF SUPPORT: AARP New York was a strong supporter of the 2014 law that protects consumers from surprise medical bills when they receive emergency care outside of their insurance network. This bill enacted important consumer protections, including an Independent Dispute Resolution (IDR) process to settle billing disputes for these services. However, this law did not establish the IDR process when the bill comes from the non-participating hospital for emergency services. This bill closes that loophole, providing additional protections to consumers.

Currently, a consumer will receive a bill for out-of-network hospital charges and then send that bill to their insurer. The insurer will reimburse an amount that they deem appropriate. The hospital can then send a bill to the consumer for additional amounts owed, leading the consumer to seek additional payments from their insurer. If this bill is enacted, consumers will no longer be in the middle of this dispute over coverage and it will be up to the hospital and the insurer to negotiate an appropriate fee.

Additionally, without the IDR process, hospitals can charge excessive fees for these services and the insurer is required to eventually pay these charges. While the consumer is not required to pay these charges directly, these excessive fees drive up the cost of health insurance for all consumers in the state. AARP recognizes that health care costs are a leading cause of bankruptcy in New York and throughout the United States. We support efforts to make health coverage more affordable while maintaining a high quality of care and ensuring consumers have access to the vital services they need.

Consumers often select their health plan based on the network, knowing that their preferred providers will be covered. However, these choices are not always available in an emergency situation. AARP supports the sponsors of this legislation in their efforts to ensure consumers are not placed in the middle of a dispute between the hospital and the insurance company for out-of-network emergency services.

For the above reasons, AARP strongly supports this legislation.
Please contact Bill Ferris or David McNally at (518) 434-4194 with any questions.