



## Legislative Memo

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BILL: S.4241 (Seward) / A.7611 (Cahill)

**SUPPORT**

SUBJECT: Protections from Excessive Hospital Emergency Charges

DATE: May 15, 2017

The Business Council of New York State supports S.4241 (Seward) / A.7611 (Cahill), which creates important new protections for consumers from excessive hospital emergency charges.

In 2012 the Department of Financial Services issued a report entitled, "An Unwelcome Surprise: How New Yorkers Are Getting Stuck with Unexpected Medical Bills from Out-of-Network Providers." The report highlighted the problems faced by consumers when they received bills from out-of-network doctors and hospitals who "balance bill" for the remainder of the amount of any bill not covered by insurance (any amount determined unilaterally by the provider).

As an outcome of this report and the cooperative work of many organizations throughout the state who were committed to achieving affordable health coverage, the FY 2014-15 state budget established a dispute resolution process to adjudicate out-of-network (OON) claims disputes, including balance billing and creates "hold harmless" protections for consumers who assigned benefits to out-of-network providers excluding hospitals. Additionally, that law created a nine-member out-of-network reimbursement rate workgroup to review current out-of-network reimbursement rates and make recommendations.

On January 26, 2017 the Out-of-Network Reimbursement Rate Workgroup issued a report on their findings and recommendations. One of the consensus recommendations of the workgroup is the application of the dispute resolution process to OON hospital charges for emergency services. The report states, "...Many OON Workgroup members suggested that extending IDR to emergency hospital services will improve coverage, ensure that hospitals will be paid directly by health plans, and discourage excessive billing. These OON Workgroup members favored this option as consistent with the OON Law's purpose to protect consumers and noted their belief that some hospitals have charged excessive fees that are billed to consumers when health plans are unsuccessful at negotiating payment. These OON Workgroup members acknowledged that consumers should not be put in the middle of a payment dispute between a hospital and health plan..."

The Business Council agrees that this bill would create new protections for consumers from "Surprise Bills" by requiring the use of the IDR process when the hospital and the health insurance plan disagree on the emergency services bill. This legislation would be fair to patients and would help control costs for all New Yorkers, including employers who purchase health insurance coverage for their employees.

For these reasons, The Business Council supports S.4241 (Seward) / A.7611 (Cahill).

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