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June 9, 2023

RE: AN ACT to amend the insurance law,  
in relation to payments to prehospital  
emergency medical services  
providers

S.1466 (Breslin)  
A.250-A (Magnarelli)

### **MEMORANDUM IN OPPOSITION**

Submitted on behalf of the Blue Cross and Blue Shield Plans

The New York State Conference of Blue Cross and Blue Shield Plans strongly opposes enactment of this legislation, which would completely undermine provider networks and eviscerate health plans' ability to control costs in the context of ambulance services – leaving New Yorkers to pay more for less quality. Provider networks are an important tool by which plans ensure quality and control costs. Across the spectrum of providers, one of the primary incentives for joining a network is the ability to be directly reimbursed by the plan instead of relying on the recipient of services to remit payment.

This bill would require insurers to directly reimburse all ambulance providers, whether in-network or not, and thereby entirely eliminate the incentive to be “in-network.” Even more concerning is the fact that this bill requires this direct reimbursement to be at the “usual and customary charge.” In-network reimbursement rates are generally lower than the usual and customary charge because only in-network status offers the incentive of direct reimbursement. Under the proposed legislation, not only would out-of-network providers be directly reimbursed, but they would also be paid at a higher rate than in-network providers. The combination of direct reimbursement regardless of network status and increased payment rates to out-of-network providers results in a massive disincentive for providers to negotiate with plans for in-network status. Such a change would greatly undermine insurers' important quality and cost controls, ultimately resulting in higher health insurance premiums and potentially substandard care.

The mandatory utilization of a “usual and customary rate” (i.e. “UCR”) likewise creates a number of challenging and costly compliance problems. Most significantly, UCR is based on the providers “charges” which are whatever the provider, in this case ambulance services, desires their fee to be. There is no negotiated rate, nor is there a requirement that the charges bear any connection to the

cost of providing the service. It has been widely reported at both the state and national level, that provider charge data has been manipulated to artificially drive up the cost of care. With no ability to control the charges imposed on them, health plans are left with having to pay an artificially high average charge. These added costs are unnecessary and, ultimately, drive up the cost of coverage.

In addition to these cost concerns, the proposed changes will eliminate essential provider network controls, compromising quality and amount to nothing more than a substantial windfall for providers at the expense of individuals and businesses who purchase insurance coverage.

For the foregoing reasons, we strongly oppose enactment of this legislation.

Respectfully submitted,

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Legislative Counsel for the Blue Cross and Blue Shield Plans