

June 24, 2019

The Honorable Lamar Alexander
Chairman, Senate Committee on Health, Education, Labor, and Pensions

Dear Chairman Alexander:

We applaud Congress and President Donald Trump for shining a light on surprise medical billing, an unfair practice that takes advantage of patients who have experienced a medical emergency. However, while Congress should act swiftly to end surprise billing, members should be aware that some of the proposals currently on the table come with unintended consequences. The work of Congress to end surprise billing should be about protecting patients, allowing healthcare providers to treat people in need of care, and ensuring that insurers treat patients fairly, particularly in the wake of a medical emergency. Unfortunately, some attempts to end surprise billing are counterproductive to these goals while also moving our healthcare system a step closer to the concept of socialized medicine. Other proposals are unproven and carry unnecessary risk while failing to address the root causes of surprise medical billing. Conservatives in Congress should make clear that these options are unacceptable and instead champion a solution with proven results that does not further expand the influence of the federal government over Americans' healthcare choices.

Some proposals under discussion advance rate setting as an answer to surprise medical billing. Rate setting will have negative effects for patients while failing to address the reasons why patients receive surprise medical bills, including narrow insurance networks, denied coverage, and high deductible health insurance plans. Patients pay costly premiums every month, only to discover their plans fail to protect them from the cost of care, particularly in emergencies. When someone goes to the emergency room with a heart attack, stroke, serious injury, or other medical emergency, getting the patient in the hands of medical professionals can be the difference between life and death.

Patients in emergency situations have little control over where they receive treatment. Emergency room doctors and nurses are professionally obligated to treat every patient, regardless of their insurance plan. Insurers that refuse to cover emergency costs, which they pass on to the patient, are the only party refusing to act in good faith. Rate setting punishes patients and doctors for surprise medical bills rather than holding insurance companies accountable for their failure to pay. It also fails to account for the role insurance companies play in shrinking networks and denying payments and represents a misunderstanding of the economics of our healthcare system. The practice of price fixing has proven to be a failure time after time.

Rate setting will drive doctors out of business. This undermines the entire purpose of the drive to end surprise billing, which is removing obstacles from patients who need to see a doctor. Thanks to shrinking networks, patients in many parts of the country struggle to find in-network care. Rural communities, which are already experiencing doctor shortages, would be hit particularly hard. Rural Americans





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who have limited access to care options cannot afford to see their local doctors and hospitals put out of business thanks to further government interference in our country's healthcare system.

Republicans, in particular, should be wary of proposals that cap reimbursements based on a median in-network rate. Some proponents couch the median in-network reimbursement rate as a market-based solution but, like other rate setting proposals, median in-network reimbursements also artificially set prices for healthcare without addressing the role insurance companies play in surprise billing. Median in-network reimbursements will still shrink networks and make it harder for patients to receive the care they need. This approach is rate setting in disguise and will lead to the same problems.

Other proposals attempt to use shortsighted, unproven mechanisms known as bundling or in-network guarantees to artificially drive down the cost of care. Like rate setting, these concepts fail to account for the reality of how our healthcare system works. They are administratively complex and distort the relationship between doctors and hospitals while doing nothing on their own to protect patients from surprise medical bills. Both bundling and in-network guarantees are nearly impossible to implement in an emergency care situation, which is when patients most often receive surprise bills. Emergency medicine is unpredictable and can involve several moving parts, such as diagnostic care, testing, follow-up treatments, and other procedures. Bundled payments and in-network guarantees would require a confusing and overly complicated array of doctors, statisticians, lawyers, and administrators to distribute appropriate payments. Instead of holding insurers accountable for failing to pay medical bills, bundling allows insurers to transfer to hospitals their responsibility for establishing adequate networks.

Fortunately, there is a solution that has already been proven to work at the state level. Independent dispute resolution (IDR) systems stop surprise billing, maintain physician networks, and help slow the rise of insurance premiums. Unlike price fixing and rate setting, IDR would prevent further government interference in the economics of healthcare. IDR is overseen by a neutral healthcare expert and resolves billing disputes before they ever reach the patient. This approach, combined with requirements for insurance companies to maintain adequate networks that actually allow patients to find a doctor who is covered by their plan, is far more favorable than a government-driven concept that fails to account for basic economics.

Surprise medical billing needs to end. But we must be skeptical of any proposal that caps rates and opens the door further for socialized medicine. At the same time, our healthcare system cannot afford an overly simplistic and unproven approach that would likely have negative effects on patients, doctors, and hospitals while granting more power and less accountability to insurers. Conservatives must insist that we fix surprise billing with proven solutions that protect patients and preserve their ability to see a doctor.

Sincerely,

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