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Balance it Out

Remaining current on state and federal legislative updates may be the best medicine for dealing with "balance billing" questions

By Katy Zillmer

Working with consumers to explain and help resolve medical bills in collections is a complex process for accounts receivable management companies and their health care provider clients.

Add in the mix unexpected out-of-network charges on a consumer's bill and all parties involved face challenges to find a solution.

State legislatures started to tackle the issue, known as balance billing, to prevent these charges from reaching the consumer after their bill is processed by a provider and insurance company. Bipartisan debate continues at the federal level to enact laws prohibiting balance billing.

A 'balance bill' is a term that refers to any time a consumer's insurance pays part of the bill, yet they are responsible for paying the balance; and states with laws on balance billing indicate the circumstances when it is legal, according to The Commonwealth Fund.

Educate and Work Together

As lawmakers focus on the issue of balance billing at the state and federal level, it's best for collection agencies in business partnerships with health care providers to learn together with the goal to help patients through the process.

In California, an amendment to the state's health and safety code (added sections 1371.30, 1371.31 and 1371.9) AB 72, authored by Assemblyman Rob Bonta, D-Alameda, took effect July 1, 2017.

AB 72 applies to non-emergency care that is provided at an in-network facility but performed by a physician who is out-of-network with the patient's insurance plan.

continued on page 3

HEALTHCARE COSTS

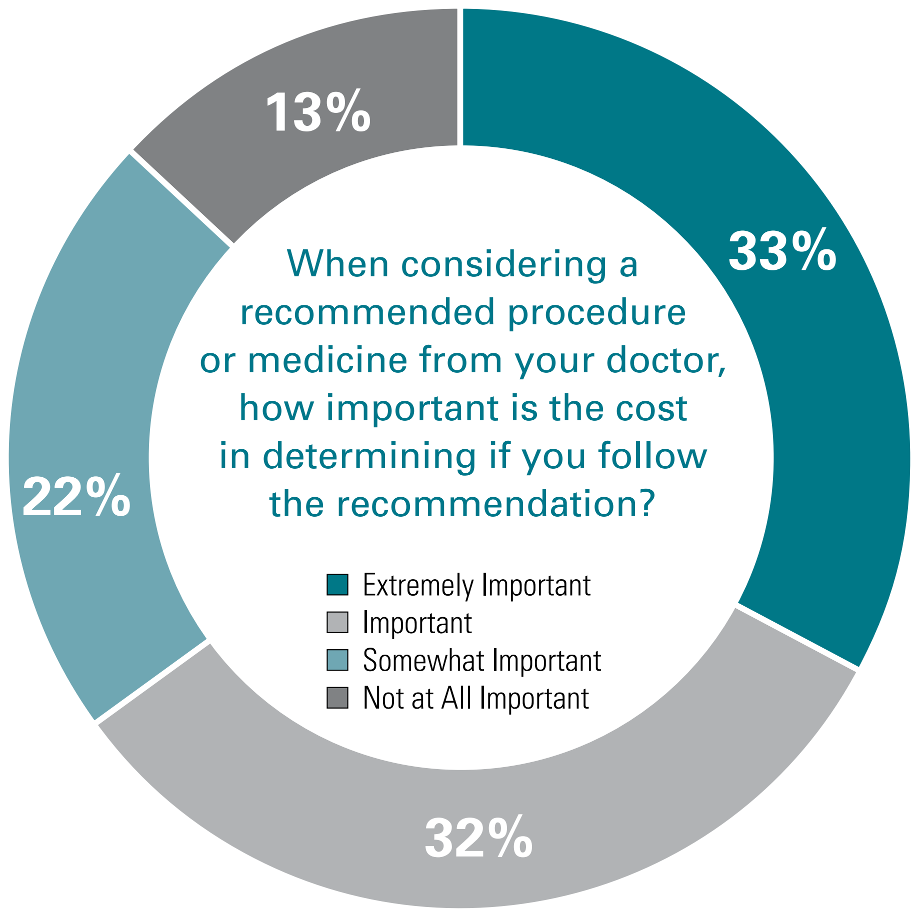
What Keeps You Up at Night?

Poll shows that Americans are borrowing money, skipping treatments and cutting back on other expenses to support healthcare costs

The cost of healthcare in the United States is a significant source of apprehension and fear for millions of Americans, according to a new national survey conducted by West Health and Gallup. With over $3.5 trillion—nearly one-fifth of the nation's gross domestic product — spent in 2017 alone, the national poll indicates this financial burden causes a multitude of worries and anxieties for a large segment of American adults.

These findings were published in a report titled "The U.S. Healthcare Cost Crisis," based on a nationally representative survey of more than 3,500 American adults on the impact of the high cost of healthcare on personal finances, individual healthcare choices and the level of satisfaction with the U.S. healthcare system.

Relative to the quality of the care they receive, the study revealed that Americans overwhelmingly agree they pay too much, receive too little, and have little confidence that elected officials can solve the problem.



Americans in large numbers are borrowing money, skipping treatments and cutting back on household expenses because of high costs, and a large percentage fear a major health event could bankrupt them. More than three-quarters of Americans are also concerned that high healthcare costs could cause significant and lasting damage to the U.S. economy.

Despite the financial burden and fears caused by high healthcare costs, partisan filters lead to divergent views of the healthcare system at large: By a wide margin, more Republicans than Democrats consider the quality of care in the U.S. to be the best or among the best in the world — all while the U.S. significantly outspends other advanced economies on healthcare with dismal outcomes on basic health indicators such as infant mortality and heart attack mortality.

Republicans and Democrats are about as likely to resort to drastic measures, from deferring care to cutting back on other expenses including groceries, clothing, and gas and electricity. And many do not see the situation improving.

In fact, most believe costs will only increase. When given the choice between a freeze in healthcare costs for the next five years or a 10% increase in household income, 61% of Americans report that their preference is a freeze in costs.

Other key survey findings include:

- 77% of Americans are concerned rising costs will significantly damage the U.S. economy.
- 76% expect their costs for healthcare will increase even further in the next two years.
- 15 million Americans have deferred purchasing prescription drugs in the past year due to cost.
- Nearly 3 million borrowed $10,000 or more to pay for healthcare in the past year.
- Only about one-third report that doctors discuss costs with them in advance of procedures, tests or treatment plans, or for medicine required to treat their conditions.

To download the report, click here. In addition, The New York Times published an article titled, "Americans Borrowed $88 Billion to Pay for Health Care Last Year, Survey Finds," that provides an in-depth analysis of the survey. In the piece, reporter Karen Zraick notes that West Health and Gallup will conduct similar studies going forward.

Balance It Out *cont. from page 1*

"The obvious problem that this has created is that it is difficult for the provider to know if the patient was in-network at the facility or if the services were part of some non-emergency treatment that would require AB 72 to be applied," according to Courtney Reynaud, president of Creditors Bureau USA in Fresno, California, which works in medical collections.

> "The bottom line is to continue to train collectors to be empathetic when working with consumers with medical debt, especially when it comes to medical debt from surprise medical bills if there is not legislation in your state and the charges are from out-of-network providers."

Reynaud, who is also president of the California Association of Collectors Inc., said after the legislation took effect some provider clients stopped referring accounts to collection with charges that could potentially fall under AB 72.

Oftentimes, they had no mechanism to determine if the services were emergency or non-emergency and if the services were provided at an in-network facility.

Reynaud recommends staying informed on legislative issues and compliance through state and national medical associations such as the California Medical Association and Medical Group Management Association.

Balancing Compliance

California's legislation is different than laws in other states and proposed bills at the federal level in that it doesn't cover charges as a result of a patient's emergency services.

For example, in Florida, legislation in effect since July 2016 protects patients from out-of-network charges at an in-network facility in emergency situations.

Before the legislation took effect, Matt Kiefer, chief officer of information, compliance and development at The Preferred Group of Tampa in Tampa, Florida, said his agency received medical accounts from unexpected charges due to balance billing.

"Covered charges, noncovered charges, coupled with high deductibles and copays can not only be confusing, but upsetting and only exacerbates the issue when out of network charges and balance billing are allowed," Kiefer said. "Legislation like HB 221 in Florida to prevent surprise charges helps the patient in an already uncomfortable position."

If there is pending legislation in your state, or to stay informed about the topic at the federal level, Reynaud also suggests hosting a webinar for clients or coordinate office training for your provider client's staff.

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Katy Zillmer is ACA International's Communications Specialist. Read an extended version of this article in the July issue of Collector *magazine.*

NEWS & NOTES

Hospital M&A Pace Slows in Q1

The number of hospital transactions hit its lowest mark in nearly a decade in the first quarter of 2019, indicating that providers may be taking a more deliberate approach to dealmaking, according to a new report discussed in Modern Healthcare.

Fourteen deals were announced in the first quarter, the fewest in any quarter since the fourth quarter of 2009, Ponder & Co. said in a new report. It was the fourth consecutive quarter in which hospital M&A lagged the rolling annual quarterly average. The median target hospital was more than 40% smaller than that of 2018, Ponder's data shows.

The frenetic sell-off by Community Health Systems, Tenet Healthcare Corp. and other investor-owned hospital systems has cooled. Systems are digesting and integrating acquisitions. Declining inpatient utilization has quelled interest in small community hospitals. Fewer low-performing targets remain, allowing those that do to be more selective, said Eb LeMaster, a managing director at Ponder & Co.

"The pace may well continue to be steady but it's a pace that may be slower than what we have seen in 2015, 2016, 2017 and 2018," LeMaster said.

For more health care collections news, visit ACA's Health Care Collections page at www.acainternational.org/pulse.

Nearly Half of U.S. Adults Report Significant Concern That a Major Health Event Will Result in Personal Bankruptcy

Although levels of concern are alleviated with rising income, this concern remains at one-third (32%) among those with annual household incomes of $180,000 or greater and is over half among those with incomes under $48,000 per year. In turn, just 30% of Americans overall report being "not at all concerned."

Concerns Over Healthcare-Related Bankruptcy, By Annual Household Income

How concerned are you that a major health event in your household could lead to bankruptcy?							
	U.S. Total	<$24K	$24K-<$48K	$48K-<$90K	$90K-<$120K	$120K-<$180K	$180k+
Extremely concerned	19%	27%	24%	20%	13%	10%	11%
Concerned	26%	28%	26%	25%	30%	23%	21%
Not very concerned	25%	20%	21%	25%	29%	33%	27%
Not at all concerned	30%	24%	28%	30%	27%	34%	40%

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

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