

MSMS supports protecting patients from high cost surprise medical bills and keeping them out of the middle of reimbursement disputes between clinicians and insurance companies.

Importantly, we believe there is an effective approach that allows insurers and providers to negotiate in good faith utilizing a truly independent dispute resolution process, when no other agreement can be reached.

Unfortunately, current legislation under consideration does not support a fair arbitration process for physicians and could result in patients losing access to care and a death knell for many independent physician specialty practices.

Unfair fee-schedule can lead to lack of access to care and increase health care costs for patients

PROBLEM:

- ◆ The current fee schedule constitutes a cut to physicians as insurance companies are only required to reimburse physicians at the insurer's average contracted rate or 150 percent of the Medicare rate.

EFFECTS:

- ◆ Setting a low benchmark rate is dangerous as it incentivizes insurers to forego contracts with physicians. As physicians are forced out-of-network, patients could face challenges in finding in-network providers and push patients toward receiving out-of-network care. Importantly, receiving this out-of-network care would result in a significant increase in patient deductibles and out-of-pocket costs, which is the opposite of the intended impact of this legislation.
- ◆ As reimbursement rates decrease and physicians lose contracts, many physician practices will face financial hardship in covering practice costs. This will encourage hospitals and private equity firms to buy and consolidate negatively impacted practices. As a result, there will be reduced competition and increased health care costs. Notably, in the wake of COVID-19, many physician practices are already suffering financially, and reduced reimbursement rates and loss of contracts will hit physicians especially hard as they try to recover from closing their practices to protect patient safety during the pandemic.
- ◆ According to America's Health Insurance Plans, consolidation of providers results in a well-documented record of harm to consumers with price increases of 20% to 40% after consolidation.

Weak and narrow arbitration process that harms physicians and holds insurers harmless

PROBLEM:

- ◆ The proposed independent dispute resolution process in the House Bill requires physicians to prove network inadequacy and only applies if there is a complicating factor.
- ◆ Insurers can avoid arbitration by paying physicians a one-time payment uplift of 25 percent of the average in-network rate.
- ◆ Arbitration decision is made based on the presence of a “complicating factor,” not on whether reimbursement for services provided is fair to both parties.
- ◆ Contributing factors such as the nonparticipating provider’s level of training, education, experience, and specialization or sub-specialization; The time and place of the health care service; previously contracted rates; and, the usual, customary, and reasonable rate of the health care service cannot be considered.

EFFECTS:

- ◆ Arbitration process will be costly, administratively burdensome, and difficult for physicians compared to insurers.
- ◆ The proposed lop-sided arbitration process makes it challenging for physicians to negotiate with insurers for fair payment.
- ◆ Discourages good faith negotiations between parties and gives insurers unfair leverage over physicians in determining reimbursement for emergency out-of-network payment.
- ◆ Weak arbitration will result in physicians being reimbursed at set fee-schedule rates, which will result in decreased access to care and increased health care costs for patients in the long run.

Lack of accountability for insurance companies regarding cost-sharing (e.g., deductibles, co-insurance, and co-pay) transparency

PROBLEM:

- ◆ This legislation ignores the fact that health care insurers have failed to provide enrollees with adequate access to benefit plans with reasonable and affordable deductibles, co-insurance, and co-pays.
- ◆ Michigan has the 6th least competitive insurance market in the country.

EFFECTS:

- ◆ Relieves health care insurers of the need to sell comprehensive products to Michigan employers and individuals.
- ◆ Patients will continue to receive “surprise bills” despite the Legislature’s promises because they have met their health benefit plan-imposed cost-sharing requirements.