

Surprise Billing Presentation to NAIC's Consumer Information (B) Subgroup

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Surprise medical billing hurts consumers

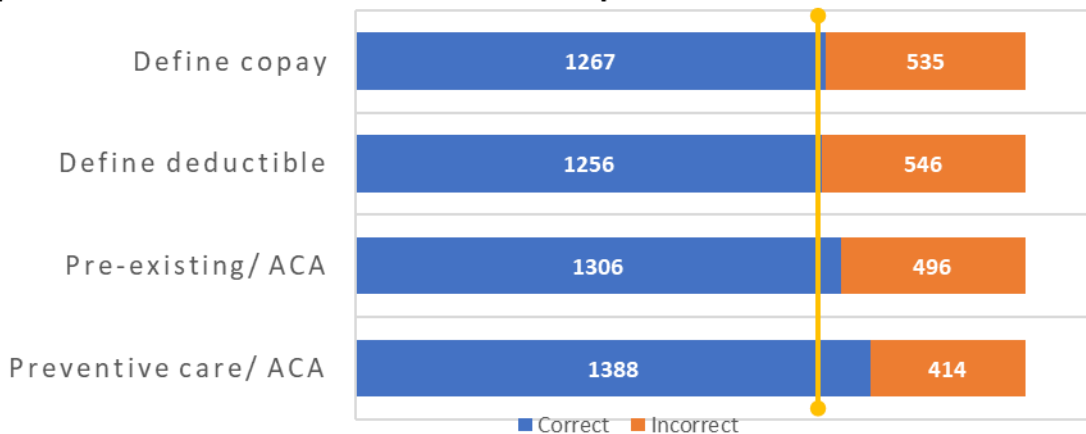
Surprise medical bills are a major source of financial hardships for patients (Cooper et al., 2018). According to a Kaiser Family Foundation survey, one-third of the large troubling medical bills received by insured, working-age adults are charges from out-of-network providers (Hamel et al., 2016). Unexpected medical bills harm consumers; 37% of adult Americans could not cover an unexpected \$400 expense without borrowing or selling assets (Board of Governors of the Federal Reserve System, 2020).

CIPR surprise billing survey

NAIC's [Center for Insurance Policy and Research](#) is the research group within NAIC that provides data and analysis about insurance issues and topics, including a [recent overview of the No Surprises Act](#).

In July 2020, [CIPR surveyed](#) about 2,000 people about their health insurance knowledge and experience, using SurveyMonkey's Audience Panel.

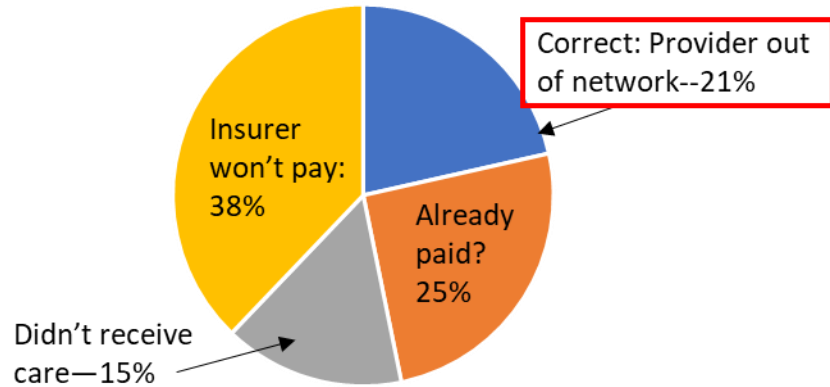
About 70% of survey respondents correctly answered questions about health insurance concepts.



The majority of respondents correctly answered questions about health insurance concepts, including the definitions of deductibles and copay. And they knew that insurance must cover pre-existing conditions and preventive care under the Affordable Care Act.

But only about one in five respondents chose the correct definition of “surprise medical bill” (*a bill for the charges when you use a provider who is outside your health insurance network, even if you didn’t choose the outside provider*) from among four choices. In fact, the correct definition ranked third among the four options.

Only about 20% of respondents correctly defined “surprise medical bill”

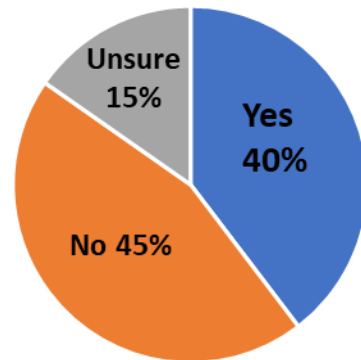


The other answer choices were *A bill for charges you think your insurance company has already paid*, *A bill for services or medications that you don't think you ever received*, and *A bill for services or medications that the insurance company said it would pay but now it won't* (the most popular choice).

Surprise bill receipt

After we asked respondents to try to define the term, we provided our definition. We then asked if respondents or their family members had ever received a surprise out-of-network medical bill. Forty percent reported that they or a family member had; another 15% weren't sure.

About 40% of respondents have received a surprise out-of-network medical bill; another 15% are not sure



In our further analysis, we used a subsample of people who had health insurance through an employer. In that group, respondents ages 45 to 60 were more likely to report having received a surprise medical bill than those ages 18 to 29. Given that 40% of medical procedures at hospitals and surgery centers are performed on patients aged 45-64, it makes sense that people in this age group are more likely to encounter surprise billing (Hall et al., 2017).

Legislation

We fielded our survey in 2020, well before the federal No Surprises Act went into effect in January 2022. Under the act, providers and health plans treat many out-of-network services as if they were in-network in terms of patient cost-sharing, except related to ground transportation. Unlike existing state legislation, the federal law protects consumers with employer-sponsored health plans.

We don't know how consumers would respond to our survey today, but we suspect that news coverage has increased general awareness of surprise billing. But we're still uncertain how well people will

understand what's meant by surprise billing given the general lack of understanding we saw in the survey.

Consumer outreach

Rules about surprise billing are now being enforced through both state and federal legislation. This may result in ongoing consumer confusion. Further, a lack of uniform understanding of the term indicates a need for more consumer information and education efforts related to surprise medical billing.

The next section highlights some useful examples of surprise billing consumer outreach, both as models to emulate and cautionary examples to avoid.

The Alabama Department of Insurance uses a [straightforward definition](#):

Surprise billing occurs when a patient receives a balance bill after unknowingly receiving care from an out-of-network provider or an out-of-network facility, such as a hospital. This can occur in emergency and non-emergency situations.

Montana's department offered a [concise yet detailed overview](#) of the federal legislation:

On January 1st of this year, the No Surprises Act (NSA) went into effect protecting individuals with private health insurance from surprise medical bills. In other words, if you are insured from a company that is not Medicare or Medicaid and receive emergency medical care or a scheduled procedure at an in-network facility then, in most circumstances, you will not be billed at 'out of network' rates.

New Mexico also offers a straightforward [definition](#):

A surprise bill is when a person, through no fault of their own, unknowingly or unavoidably receives health care services from providers outside their insurance company's network and then is billed directly for that care.

Messages should be crafted carefully to ensure they are easy for consumers to interpret. For example, this description of the legislation could easily be misinterpreted:

Effective January 1, 2022, the federal No Surprises Act provides new protections for unexpected or excessive medical bills consumers may receive from health care providers, including hospitals, physicians, ambulances, and other medical professionals.

This example provides valuable information—but is written at about a 20th grade reading level, far above the 8th grade level that readability experts recommend:

The law protects patients from receiving and paying surprise medical bills above the patient's in-network rate from health care providers for emergency care or, in certain circumstances, unanticipated out-of-network care, such as at an in-network health care facility from an out-of-network provider and including lab/pathology services. Cost sharing amounts, which include coinsurance, copayments, and deductibles, are limited to the patient's lower in-network amounts.

| Readability Statistics | |
|----------------------------|-------|
| Counts | |
| Words | 64 |
| Characters | 408 |
| Paragraphs | 1 |
| Sentences | 2 |
| Averages | |
| Sentences per Paragraph | 2.0 |
| Words per Sentence | 32.0 |
| Characters per Word | 6.2 |
| Readability | |
| Flesch Reading Ease | 9.1 |
| Flesch-Kincaid Grade Level | 19.9 |
| Passive Sentences | 50.0% |

NAIC Consumer Information Subgroup Resource

In 2020, the NAIC Consumer Information Subgroup created [New Protections from Surprise Medical Bills](#), a two-page document plus two pages of examples of surprise medical billing. This document includes clear and concise language about surprise medical billing. In hindsight and with the insights gained from this survey, Brenda Cude would now recommend flipping the first two sections (What is balance billing? What is surprise billing?) to discuss surprise billing first.

Readability resources

Microsoft Word includes a tool that will display readability scores with documents. [Instructions are here.](#)

Resources for writing in plain language to a wide range of readers are available at the Centers for Disease Control and Prevention's [health literacy website](#).

The digital publication *The Pudding* has an interesting [resource about writing in plain language](#).

References

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