

OUR MEETING WILL BEGIN SHORTLY

WELCOME TO THE Journal of Insurance Regulation Annual Update and Kimball Award Session

Sunday, December 3rd 2023

IN-PERSON ATTENDEES

Wi-Fi Network: NAIC2023; Password (case sensitive): Fall2023

VIRTUAL ATTENDEES

- Audio will be muted upon entry
- If virtual attendees would like to speak, please use the "Raise Hand" feature and we will let the Chair know you'd like to speak
- Enter with video on or off (your choice)
- Use the "Chat" feature for questions, comments, or assistance
- If you have joined by phone, to mute and unmute your line, press *6
- For additional help, please contact NAIC Technical Support team at help@naic.org or call (816) 783-8500

ORLANDO

NAIC

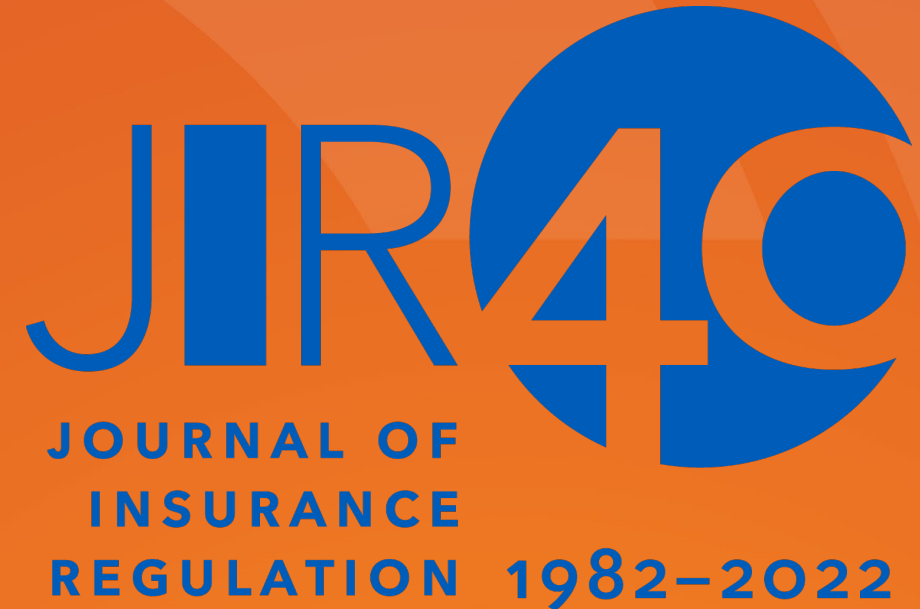
**2023 FALL
NATIONAL MEETING**

**Journal of
Insurance
Regulation:
Annual Update
and Kimball
Award Session**

Center for Insurance Policy & Research

December 3, 2023

Journal of Insurance Regulation



**A Forum for Opinion and Discussion of Major
Regulatory and Public Policy Issues in Insurance**

From the NAIC Proceedings, 1982 Vol. 1

The journal could prove to be an important force for the over-all improvement of insurance regulation.

The objectives of the Journal of Insurance Regulation will be:

1. To provide a forum for opinion and discussion on major insurance regulatory issues
2. To provide wide distribution of rigorous, high quality research regarding insurance regulatory issues
3. To make state insurance departments more aware of insurance regulatory research efforts.
4. To increase the rigor, quality and quantity of the research efforts on insurance regulatory issues
5. To be an important force for the overall improvement of insurance regulation

EDITORS NOTES FALL 2023

Kathleen McCullough (outgoing editor)

Jill Bisco and Stephen Fier (incoming editors)

ABOUT THE *JOURNAL OF INSURANCE REGULATION*

- Open access journal so we can quickly share current and relevant research on topics of interest to our stakeholders
- Publish approximately 10 articles a year
- Contributors are academics, industry professionals, and regulators
- One article selected each year for the Kimball Award

TOPICS OF INTEREST

- We strive to align with the research interest of the NAIC and the Center for Insurance Policy and Research
- Recent articles Relate of a variety of NAIC committees including
 - Executive Committee (EX)
 - Life Insurance and Annuities Committee (A)
 - Property and Casualty Committee (C)
 - Innovation, Cyber Security, and Technology Committee (H)
- Special Issues

THANK YOU AND INTRODUCTION

- Jay Newman – key role in the founding of the *Journal of Insurance Regulation*
- *Jill Bisco and Stephen Fier – new co-editors of the JIR*
- Authors and award winner

Spencer L. Kimball Writing Award

- Spencer Kimball:
 - renowned scholar on insurance law and regulation
 - active member of the JIR Board of Directors for 15 years
- The Award:
 - Founded in 1993 as the JIR Writing Award
 - Renamed in 1996 to honor Dr. Kimball
 - Acknowledges and encourages outstanding contributions to the *Journal of Insurance Regulation*.

The Impact of State Surprise Medical Billing Protections on Consumers with Employer-Sponsored Health Insurance



CENTER FOR INSURANCE POLICY AND RESEARCH

Presenter |

Brenda J. Cude, PhD

NAIC Consumer Representative
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Independent Researcher,
Previous Postdoctoral at
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Surprise medical billing



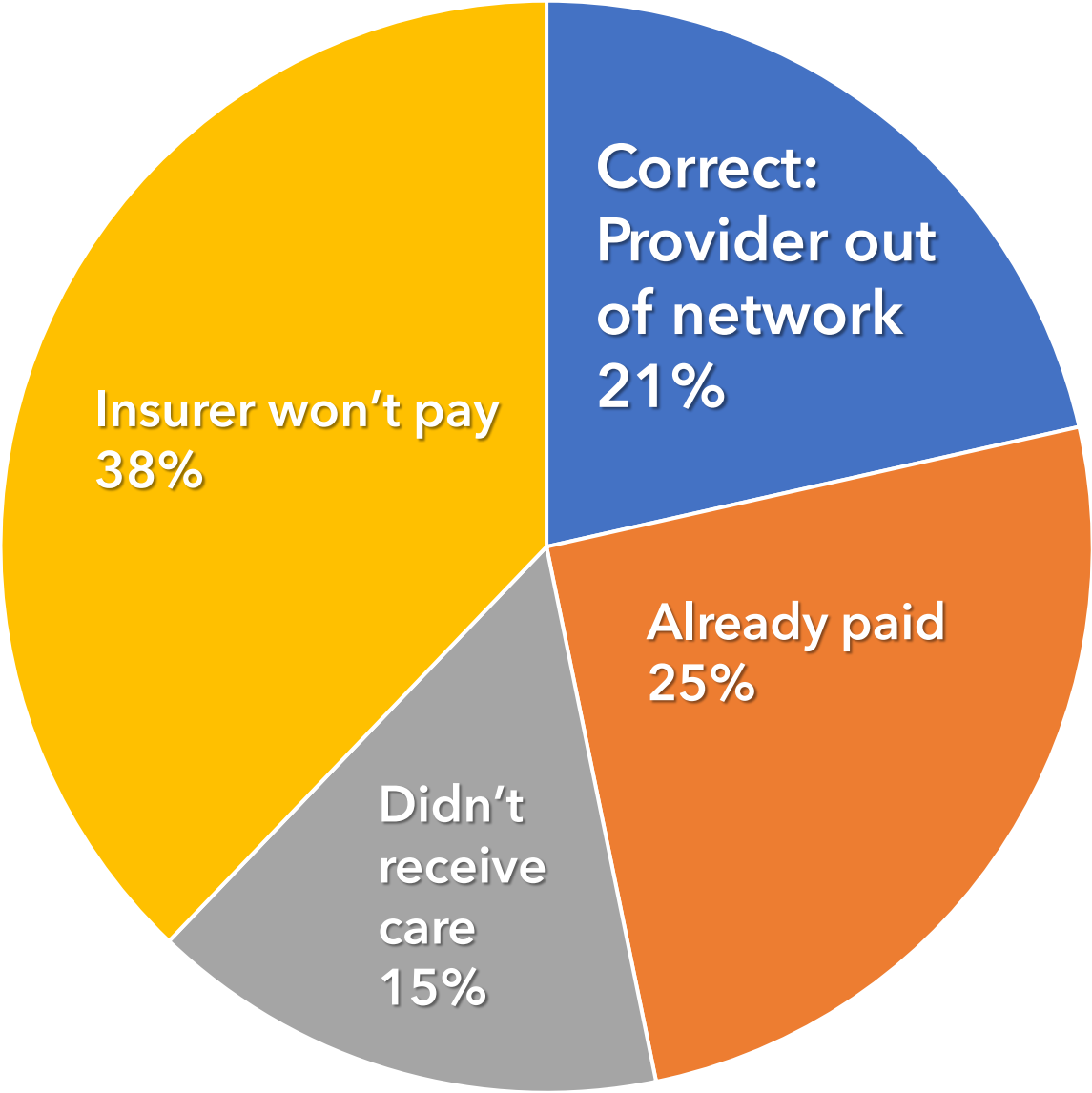
Surprise medical
billing
hurts consumers.

*NAIC's
definition:
Charges to the
patient by an
out-of-network
health provider*

The research

- Quantitative study
 - Online survey of 2,000+ adults
 - Fielded July 2020
 - SurveyMonkey Audience Panel
 - *Questions:* Health insurance knowledge and experience

Surprise bill definition

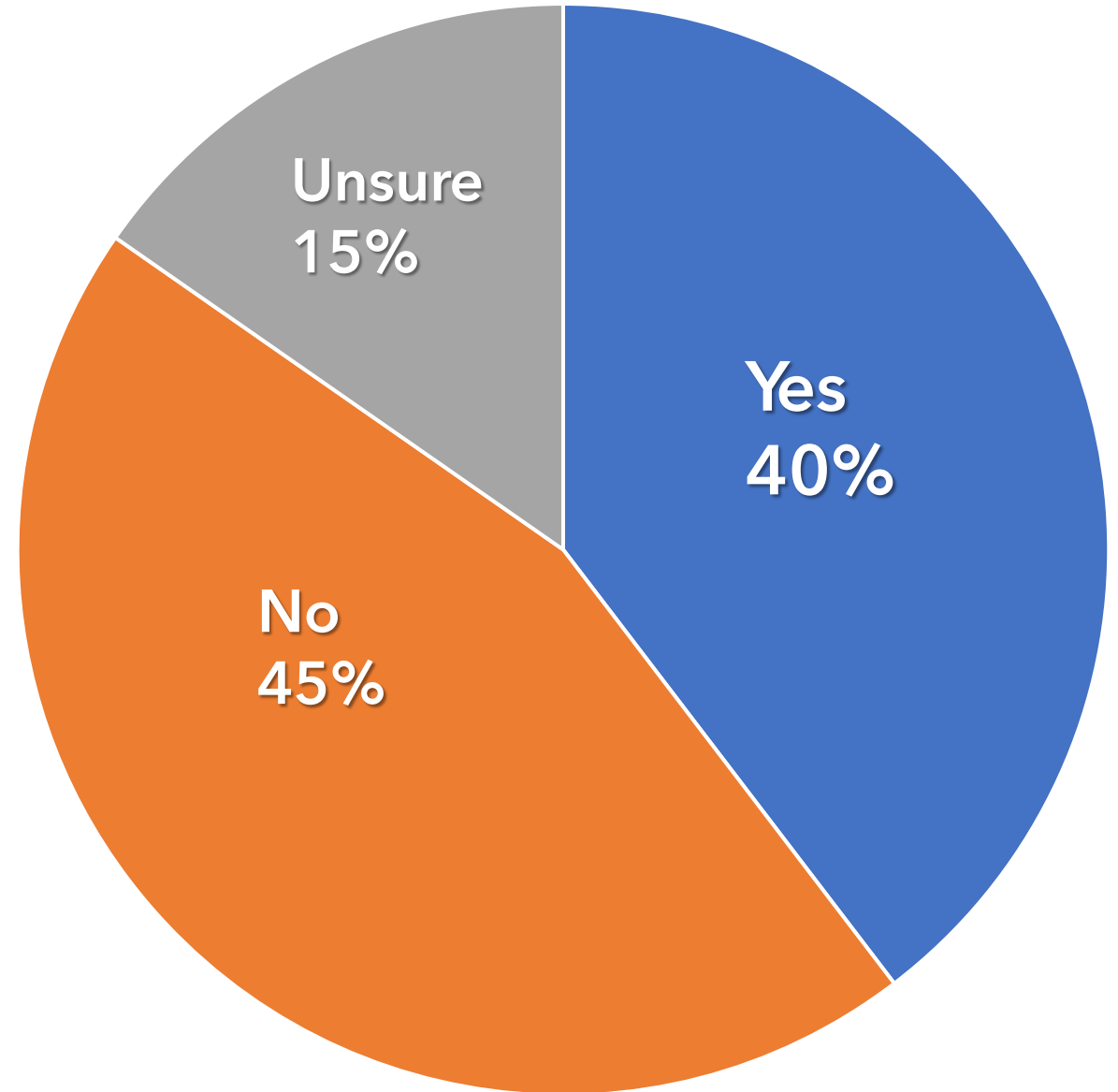


A bill for:

- Charges when you use a **provider outside** your health insurance network (*correct*)
- Charges you think your insurance company has **already paid**
- Services/ medicine you **don't think you received**
- Services/ medicine the insurance said it would pay for but **now will not**

Surprise bill receipt

Have you or a family member ever received a surprise out-of-network medical bill?



Goal: Examine the relationship between state surprise billing protections (comprehensive, partial, or none) and the incidence of a surprise medical bill among respondents that had health insurance through employer (ESI or COBRA)

Surprise medical bill was one of the major contributing factors for medical bill problems

1 in 5

Insured working-age had unexpected medical bills, with median \$1,000-\$1,999 (Fed Report 2020)

32%

Of the problem medical bills were for charges from out-of-network provider

7 in 10

Didn't know the provider was not in their plan's network

Where do surprise medical bills come from?

Emergency



Brought in treating provider

Anesthesiologist, radiologist, pathologist, surgical assistant, etc.

Key difference between state protections and the No Surprise Act:

The federal law protects all patients covered by employer-sponsored health plans, including those in **self-insured** group health plans (**for the first time**)

61% of covered workers and **81%** of workers in large firms are under the self-insured group health plans

Logistic Regression: Test the relationship between categorical outcome variable and one or more categorical or continuous predictor variables

Logistic Regression Model

$$\begin{aligned} & \text{logit}(\text{Received_SMB}) \\ &= \ln\left(\frac{\pi}{1-\pi}\right) = \alpha + \beta_1 \text{StateProtection} + \beta_2 \text{SMBdef} + \beta_{3-4} \text{HIL}(s) + \beta^T D \end{aligned}$$

Where:

Received_SMB is respondent's experience with SMB;

StateProtection includes no protection, limited protection, and comprehensive protection;

SMBdef is respondent's knowledge of the def. of SMB (20%);

D is a vector of demographic characteristics, specifically age, gender, household income, and employment status.

HIL(s) are the two constructed health insurance literacy measures :

HIL Index1	Deductible def.	Score:
	Copay def.	0 → 2 (65%)
HIL Index2	Cover pre-existing conditions?	Score:
	Cover preventive care?	0 → 2 (61%)

Robustness Check: Supplement new variables that measure the contracting frictions among insurers, physicians, and hospitals, to validate the main findings

Contracting frictions

Physicians and hospitals **independently negotiate contracts** (i.e., payment terms, network participation, etc.) with insurers. Thus, physicians and the hospitals where they work may not be in the same network

Contracting friction increases as their number increases

Thus, the odds that a patient encounters out-of-network care will increase

Three new variables (by state)

Hospital: Avg. no. of non-federal, short-term, acute care hospitals per 50 sq miles;

Physician: Ratio of emergency medicine physicians to the total number of physicians;

Insurance company: No. of insurance companies that provide health coverage.

Primary findings from the logistic regression were preserved

Primary Findings

Comprehensive protection leads to higher incidence of Surprise Medical bills (?)

Consumers with employer-sponsored health plans in states with comprehensive surprise billing protections are **more likely (8 percentage points higher)** to have received a surprise medical bill than those in states with no surprise billing protections at all. Possible explanations:

- SMB happens more often in these states
- A substantial number of respondents were in the **self-insured** group health plans to which state protections did not apply due to ERISA

Other primary findings

Respondents who **correctly defined** SMB were more likely to report experiences with SMB, suggesting awareness and knowledge matter.

Consumers **ages 45 to 60** were more likely to have received a SMB. This is consistent with the age distribution of CDC study on surgical and non-surgical procedures.

More hospitals increases the odds that a patient will encounter out-of-network care.

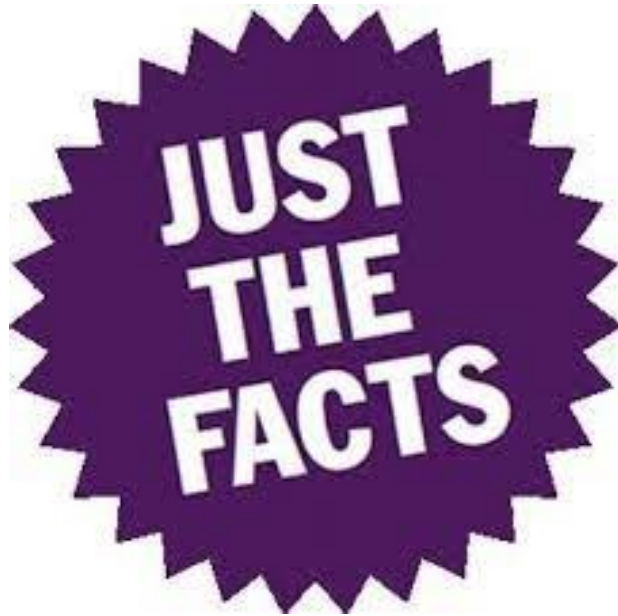
Consumer outreach: Straightforward definition



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.

Alabama Department of Insurance

Consumer outreach: Concise yet detailed overview



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.

Montana

Federal Surprise Billing Legislation



Photo by Samuel Schroth on Unsplash

Thank you!
Questions & Comments?

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Find the JIR online:

- content.naic.org/research/journal-of-insurance-regulation
- linkedin.com/showcase/naic-cipr
- library.naic.org

The logo for the National Association of Insurance Commissioners (NAIIC) is displayed in white against an orange background. The letters 'N', 'A', and 'I' are in a bold, sans-serif font. The 'C' is stylized with a double outline, creating a circular effect. The background features several overlapping, semi-transparent orange circles of varying sizes, creating a layered, circular pattern.

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