

NAIC Fall National Meeting Health Innovations (B) Working Group

Tuesday, December 13, 2022

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Where Does Your Health Care Dollar Go?

Your premium—how much you pay for your health insurance coverage each month—helps cover the costs of the medications and care you receive and improves health care affordability, access and quality for everyone. **Here is where your health care dollar really goes.**

This data represents how your commercial health plan premiums pay for medical care, as well as related services and essential operations. This data includes employer-provided coverage as well as coverage you purchase on your own in the individual market. Data reflects averages for the 2018-20 benefit years. Percentages do not add up to 100% due to rounding.

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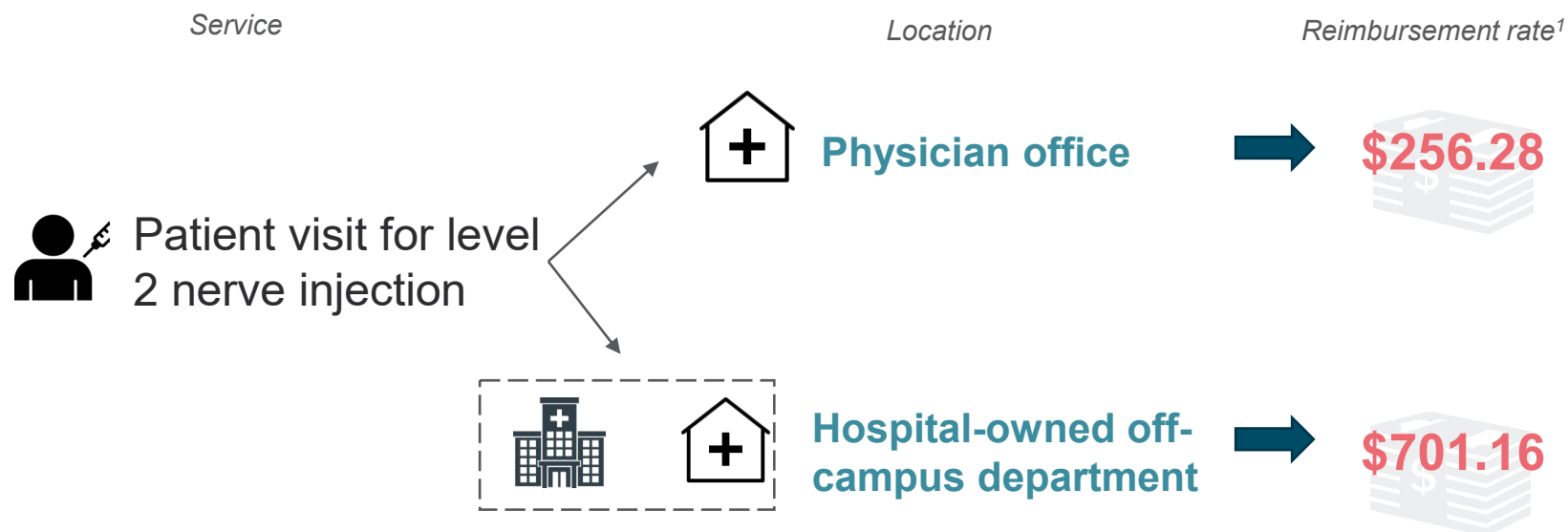


Medicare Payment Systems

Least Expensive Settings

Care Setting	Telehealth	Physician Office	Hospital outpatient	Hospital Inpatient
Typical Services	Evaluation and management, some diagnostics	Evaluation and management, diagnostics, minor procedures	Evaluation and management, diagnostics, surgery	Inpatient hospital stays, critical care, surgery
Payment System	Reduced Physician Fee Schedule (reduced to remove practice expenses)	Physician Fee Schedule	Outpatient Prospective Payment System	Inpatient Prospective Payment System

Payment Disparities for Similar Services at Outpatient Hospital vs. Physician Office: Example



Based on actual 2019 reimbursement rates

Medicare pays higher rates for equivalent services at outpatient hospital departments relative to physician offices, simply because it is hospital-owned. When a hospital acquires a physician office, oftentimes there is no change in patient acuity or services.

Higher reimbursement rates to hospital-owned locations creates an economic incentive to acquire physician offices to take advantage of the higher payments.

By 2020, the majority of physicians in the U.S. (50.2%) worked outside of private practice.²

¹. https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_Ch6_MedPAC_Report_to_Congress_SEC.pdf

² <https://www.ama-assn.org/system/files/2021-05/2020-prp-physician-practice-arrangements.pdf>.

Impact of Consolidation



Prices

There is little indication that hospital consolidation will stop or slow significantly anytime in the near future.



Quality improvements

Studies have shown that vertical integration is not associated with improved health outcomes¹, but is associated with higher prices, including commercial rates² and decreased patient choice.

As consolidation increases, hospitals gain increasing market power to negotiate higher prices with health plans in the absence of competition. This can impose considerable financial burden on patients through higher out-of-pocket payments at the point of care and potentially higher health insurance premiums.



Choice

Because health insurance providers often follow the structure of Medicare payment and may benchmark contracts to a percent of Medicare rates, Medicare payment policy influences commercial rates.

¹ <https://journals.sagepub.com/doi/10.1177/1077558719828938>.

² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7940736/>.

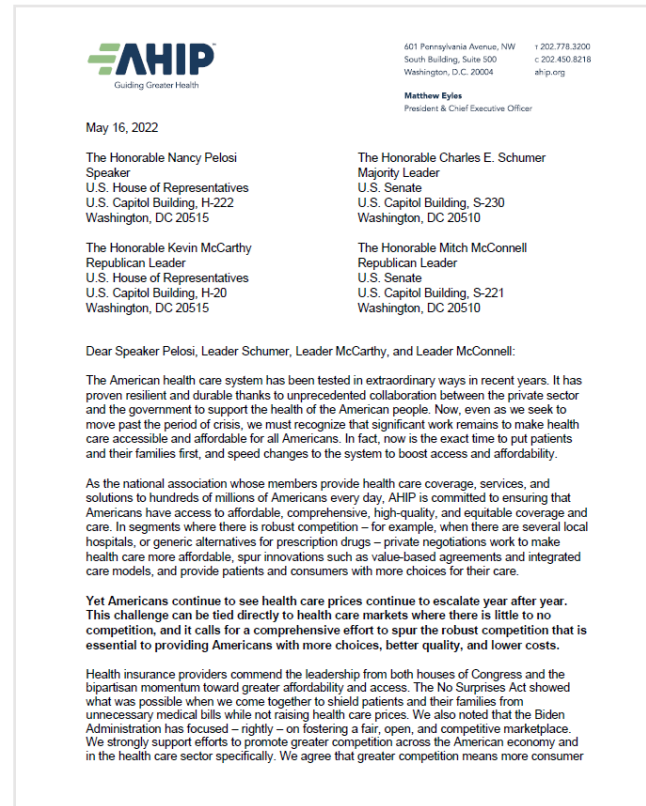
Healthier People Through Healthier Markets

Solutions to Improve Health Care Affordability and Access for Every American

Promoting solutions that will lower the underlying price of care so we can lower costs for consumers.

- Increase Competition
- Improve Transparency
- Expand Choice
- End Provider/Rx Schemes

American consumers strongly support these solutions.



The letter cover features the AHIP logo at the top left, with the text "Guiding Greater Health" below it. On the top right, the address "401 Pennsylvania Avenue, NW, South Building, Suite 500, Washington, D.C. 20004" and phone number "t 202.778.3200, c 202.450.8218, ahip.org" are listed. Below the address is the name "Matthew Eyles, President & Chief Executive Officer". The date "May 16, 2022" is centered. The recipients are listed in two columns: "The Honorable Nancy Pelosi, Speaker, U.S. House of Representatives, U.S. Capitol Building, H-222, Washington, DC 20515" and "The Honorable Charles E. Schumer, Majority Leader, U.S. Senate, U.S. Capitol Building, S-230, Washington, DC 20510" in the first column; and "The Honorable Kevin McCarthy, Republican Leader, U.S. House of Representatives, U.S. Capitol Building, H-20, Washington, DC 20515" and "The Honorable Mitch McConnell, Republican Leader, U.S. Senate, U.S. Capitol Building, S-221, Washington, DC 20510" in the second column. The main body of the letter begins with "Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, and Leader McConnell:" followed by a paragraph of text.



The letter cover features the AHIP logo at the top right, with the text "Guiding Greater Health" below it. The title "Healthier People Through Healthier Markets" is prominently displayed in the center, with the subtitle "SOLUTIONS TO IMPROVE HEALTH CARE AFFORDABILITY AND ACCESS FOR EVERY AMERICAN" below it. The bottom half of the cover features a photograph of a woman and a young child sitting at a table, looking at a laptop screen together. The date "May 2022" is printed in the bottom right corner.

Site Neutral Payment Reform

- **Goal:** Defend Americans from having to pay more for the same services depending on the site of care.

- **AHIP Recommendation:**



- Aligning payment rates for off-campus hospital departments and physician offices for select services that could be performed in a physician office safely and effectively.
 - Eliminating the grandfathering exception that permits off-campus hospital departments existing before Nov. 2, 2015, to receive higher payments rates.
 - Improving upon existing rules to strengthen site neutral payment policies, such as requiring a separate national provider identifier enumeration at off-campus hospital outpatient departments to enable better identification of these locations.
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- Preventing the assessment of facility fees for low-acuity services unless a special exception.
- Requiring a separate national provider identifier enumeration at off-campus hospital outpatient departments absent federal action.



Federal action



State action

Free-Standing Emergency Departments

KHN

How Billing Turns a Routine Birth Into a High-Cost Emergency

Wall street is
Pressing ER Docs
To Fleece Patients

When Caitlin Wells Salerno and Jon Salerno's first son, Hank, was born, his delivery cost the family only \$30. Gus' bill came in at more than \$16,000. The family was responsible for about \$3,600 of it. (RAE ELLEN BICHELL / KHN)

BILL OF THE MONTH

How Billing Turns a Routine Birth Into a High-Cost Emergency

By [Rae Ellen Bichell](#)
OCTOBER 27, 2021

Caitlin Wells Salerno knew that some mammals — like squirrels she studies in the Rocky Mountains — invest a lot in their young. That didn't prepare her for the resource she would owe after the birth of her second son.

Wells Salerno went into labor on the eve of her due date, in the early weeks of coronavirus lockdowns in April 2020. She and her husband, Jon Salerno, were instructed to go through the emergency room doors at Poudre Valley Hospital in Fort Collins, Colorado, because it was the only entrance open.

Despite the weird covid vibe — the emptiness, the

UnitedHealthcare is suing TeamHealth, a company that staffs hospital emergency rooms, alleging TeamHealth billed for expensive ER services that didn't match the care doctors actually provided, *Axios'* Bob Herman writes.

Driving the news: UnitedHealthcare analyzed ER claims and records from TeamHealth, saying they found 62% of TeamHealth's claims involving the highest-paying ER codes were unjustified by notes in medical records.

- In one example, a 23-year-old man in Texas went to an ER staffed by TeamHealth "complaining of epigastric pain after eating a chili dog," according to the lawsuit. Doctors gave the man Maalox, a common antacid for heartburn, and sent him on his way.
- TeamHealth used the highest-severity ER code, reserved for things like heart attacks or severe trauma, and charged \$1,712 for the visit, UnitedHealthcare alleges.

The other side: "Courts have repeatedly dismissed these claims in other jurisdictions ... United continues to generate record profits by down coding claims and refusing to consider the expertise of frontline clinicians who make a diagnosis," TeamHealth CEO Leif Murphy said in a statement.

Flashback: UnitedHealthcare and TeamHealth have a history of suing each other, with TeamHealth saying the insurer routinely underpays.

- TeamHealth also has faced accusations of upcoding by the federal government, other insurers and [employers](#)

SOURCE: <https://www.axios.com/unitedhealthcare-teamhealth-upcoding-lawsuit-chili-dog-548b35f4-c8a6-49d3-a751-19ad7029334a.html>

- Facility fee billing occurring for low acuity ED services that could have been provided in another setting

Site Neutral Payment Reform

Goal: increasing transparency and affordability regarding services performed at freestanding EDs:

AHIP Recommendation:



- Narrowing Medicare's definition of free-standing emergency departments to include only those that provide most services on an unscheduled basis and require patient disclosure notices.
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- Preventing the proliferation of free-standing emergency departments.
- Preventing the assessment of facility fees for low-acuity services.

Questions?

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