Driving Patient Affordability Through Appropriate Billing

NAIC Health Innovations Working Group

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Health care costs comprise an increasing portion of the household budget
The premium for a family health insurance policy exceeded $22,000 in 2021\(^1\)

\(^1\)BCBSA calculations based on CPS and Kaiser Family Foundation data
Trends in Research | Provider Consolidation and Costs in Hospital Settings Drive Spending Increases

- At the start of 2021, **nearly 70% of U.S. physicians** were employed by hospitals or other corporate entities, which represents a **12% increase** in just two years.²

- Care designated as being delivered in a hospital setting costs up to **300% more than care delivered** in an office-based setting.³

- A study that examined data from 2007-2013 found that prices **increased 14% on average** after acquisition by a hospital. Half of that increase is due to misuse of payment rules.⁴

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² Revised-6-8-21_PA1-Physician-Employment-Study-2021-FINAL.pdf (physiciansadvocacyinstitute.org)
³ Study quantifies cost differential between physician offices and hospital outpatient care | Fierce Healthcare
⁴ The effect of hospital acquisitions of physician practices on prices and spending - PubMed (nih.gov)
Example | Average Price for an Endoscopy Visit

Trend in Commercial Average Price: Endoscopy Upper Airway Visit, Level 4

<table>
<thead>
<tr>
<th>Setting</th>
<th>2009</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Setting</td>
<td>$463</td>
<td>$527</td>
<td>14%</td>
</tr>
<tr>
<td>Outpatient Setting</td>
<td>$1,552</td>
<td>$2,679</td>
<td>73%</td>
</tr>
</tbody>
</table>

The Problem We Are Trying to Solve

• Over the past decade, costs for outpatient care have increased substantially, fueled in part by the growing trend in hospitals acquiring physician practices.

• When this occurs, some of these practices begin charging hospital reimbursement rates, even though the service and care setting have not changed.

• For consumers, this artificially raises health care costs through increased cost-sharing and higher premiums.
State Solutions to Address Inappropriate Billing

States can play a crucial role in addressing inappropriate billing practices across the country by enacting policies that differentiate between hospital and non-hospital settings.

We encourage states to:

• Require off-campus hospital sites to obtain and use a different national provider identifier (NPI) than the main campus, which is currently allowed but not required by CMS.

• Require hospitals to use the correct forms*, which include a “place of service code”, when billing for their off-campus outpatient sites.

* CMS 1500 claim form and the HIPPA X12 837P professional forms
Thank you