

## **Memo in Support** Out-of-Network Insurance (TED Article VII, Part U)

*The Schuyler Center strongly urges the Legislature to support this provision of the Executive Budget 2014-2015 that would improve out-of-network protections and network adequacy and make it easier for consumers to understand their health care costs.*

The Schuyler Center for Analysis and Advocacy (**Schuyler Center**) is a statewide, nonprofit, policy analysis and advocacy organization working to shape policies to improve health, welfare and human services for all New Yorkers.

This provision of the Executive Budget would improve insurance coverage for New Yorkers by:

- **Setting a fair process** for providers and insurers to negotiate over coverage disputes, so consumers aren't left in the middle with a bill;
- **Holding consumers harmless** for surprise bills from emergency room or out-of-network charges that were outside of their control;
- Requiring all products to meet a set of **provider network adequacy standards**, so fewer New Yorkers end up seeing out-of-network providers, whether planned or unplanned;
- **Allowing consumers to go out-of-network** when their plan's provider network doesn't have a specialist who meets their medical needs;
- **Improving transparency**, to prevent surprise bills; and
- **Streamlining out-of-network claims.**

**Surprise Bills.** The Schuyler Center supports provisions that would protect consumers from surprise bills. Even when consumers make every attempt to stay within network, they may end up receiving out-of-network services. In an emergency situation, they may have no option. Consumers having scheduled procedures may come to realize that an out-of-network provider, like an anesthesiologist or a radiologist, played some part in their care. These individuals are then faced with "surprise" bills, which may be unaffordable.

This legislation turns negotiations over to the insurer and provider, the parties with the best bargaining positions in these disputes. Additionally, consumers seen by an out-of-network provider in an emergency department would be held harmless from out-of-network bills.

**Network Adequacy.** This bill requires all health plans to meet the same network adequacy standards by extending the same protections afforded consumers with Health Maintenance Organizations (HMOs) and Qualified Health Plan coverage to consumers with Preferred Provider Organization (PPO) and Exclusive Provider Organization (EPO) coverage. When a plan does not include a provider who is qualified to meet an individual's need for care, the individual would be authorized to go out-of-network to get this specialty. Often this is life-saving care by a provider who is qualified but not within the existing network. Under these requirements fewer New Yorkers will need to go out-of-network for care.

***Transparency and Streamlined Claims.*** The Schuyler Center supports provisions to increase transparency and streamline the claims process. The legislation would ease the burden for consumers trying to manage their health care costs by requiring insurers to disclose information about out-of-network coverage. This way consumers can understand: (1) which providers are in-network and which are out-of-network; (2) how much out-of-network providers expect to charge for a variety of services; and (3) how much the insurer expects to reimburse for out-of-network services. The legislation would also ease the claims process by allowing consumers to submit e-claims for out-of-network services.

*February 14, 2014*