



March 28, 2018

Representative Ivy Spohnholz, Chair  
House Health and Social Services Committee  
State Capitol, Room 421  
Juneau, AK 99801

RE: HB 193 Letter of Support

Dear Representative Spohnholz:

Representing more than 80% of the emergency physicians providing emergency medical care to the people of our state, the Alaska Chapter of the American College of Emergency Physicians writes today to **support HB193**.

HB 193 will protect patients and families across the state from the high costs and sticker shock that can come from “surprise medical bills.” Both doctors and patients support this important measure, which will provide consumer protections for patients, strengthen access to care, and put an end once and for all to surprise bills.

As emergency physicians in Alaska, we know firsthand about the gaps in patient healthcare coverage that can cause patients to postpone or avoid treatment until it’s too late. According to a national survey, 44% of people reported that they didn’t seek treatment when they were sick or injured because of costs. At the same time, 35% of Americans would have trouble paying their regular bills if faced with a \$400 health emergency. This is alarming, but not surprising, and we must work together to ensure that patients can safely access emergency care without worrying about going bankrupt.

What good is insurance if it fails us in an emergency? Insurance companies are shifting hundreds of millions of dollars in costs to patients and doctors each year through higher premiums, deductibles and cost-sharing requirements. At the same time, Alaska insurance companies are narrowing their networks – making them smaller through limiting access to doctors and care, which means fewer options and choices for patients and creating large coverage gaps where care patients thought would be covered, turns out not to be. These gaps are leading to surprise bills, adding even more costs for patients.

Alaska patients and families deserve better. Right now, the state has a regulation in place that requires insurance companies to cover these unexpected out of network costs during emergencies through fair and appropriate payments to doctors. But, Alaska insurance companies are working to undermine this regulation – and we need your help to ensure patients are protected in the long

run. We're working to support a new bill, HB 193, that will end surprise billing altogether and provide the protection patients need.

HB 193 is a comprehensive solution that protects patients and ends surprise bills by requiring insurers to cover unexpected, emergency out of network care, and limiting patient financial exposure. HB 193 will protect patients from receiving large bills that their insurance companies have refused to pay. By establishing an appropriate and fair reimbursement standard between insurers and doctors, the bill takes patients out of the middle and improves access to care.

HB 193 sets a fair minimum standard, the 80th percentile rule that has been working in Alaska since 2004, which insurers use as a benchmark to pay out-of-network physicians, providers or facilities for unexpected care. HB 193 bans balance billing, meaning no further bills would go to patients in these situations. Because doctors will be paid fairly, there is no need for additional bills.

Despite negative attention created by misleading information by insurance companies, patients support the 80<sup>th</sup> percentile rule, and want their insurance plans to fairly cover out-of-network emergency care. The 80<sup>th</sup> percentile rule relies on transparent market-based information that takes into account local market prices for services. They are based in market costs and not set by government or manipulated by insurance companies.

Although critics have claimed that providers with extremely large market share can impact prices under this standard, there's no evidence or report of foul play. ISER (UAA's Institute of Social and Economic Research) is currently looking at this issue for Alaska. Research in New York State has shown that a similar standard did not increase cost after its implementation there.

Without the 80th percentile rule in HB193, patients will be left unprotected as insurance companies shirk their responsibility to pay. In fact, insurance companies would be allowed to set any rates they wanted – with no regard for costs or impact on emergency room staffing or services.

Alaska patients and families need this full protection from surprise bills. This bill will strengthen the healthcare system, offering protection first and foremost to patients, and ensuring the doctors and emergency rooms can keep their doors open and keep staffed with needed specialists and providers to best treat patients in emergencies.

We hope we can count on your support for HB 193.

Thank you for your consideration,

Ben Shelton, MD, FACEP  
President, Alaska ACEP