



Assignment of Benefits Study

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Chapter 537 of 2010-Assignment of Benefits and Reimbursement of Nonpreferred Providers

- Reaction to reports of **high patient out-of-pocket expenses** for care rendered in **hospitals** by out-of-network (OON) physicians
- **Purpose** of legislation: (1) eliminate balance billing of patients without adversely affecting payments to OON physicians for hospital care: (2) add notification requirements for other OON physicians that would permit assignment of benefits
- Major results: law changed payments to **hospital-based and on-call physician specialties** for care in hospitals if they **accept assignment of benefits from carriers selling fully-insured PPO products**
 - **No balance billing of patients**
 - Carriers pay the **higher of two options**
 - 1) 140% of the average rate in the same geographic area for the same service paid to similar providers who have a participation contract
 - 2) the 2009 calendar year payment for the same service to the same provider (or same specialty) inflated by the change in the Medicare Economic Index. Example: *carriers who paid billed charges in 2009 must use this option*
- MHCC assigned responsibility for evaluating impact of legislation

Analytical Approach

- Data Sources
 - MCDB: Medical Care Data Base 2010 and 2013 claims for fully-insured PPO/POS plans (no federal employees)
 - BOP Survey: Maryland Board of Physicians license renewal survey question on participation in any private insurance network(s), 2009/2010 – 2012/2013
 - Major carriers discussion/survey in 2014: changes in network participation and payment practices from 2010 to 2013
- Construct measures from three perspectives and compare results
 - **Patients**
 - MCDB: Total professional services & spending in the year
 - Hospital-based and on-call **physician specialties rendering care in hospitals**
 - BOP Survey: percent participating in at least one network
 - MCDB: total payments to these specialties for hospital care (carrier + patient)
 - Major Carrier Survey: changes in network size for affected specialties
 - **Major Carriers**
 - MCDB: Hospital (CMS categories) services & reimbursements in the year
 - Major Carrier Survey: payment method for affected specialties

Patient Perspective: Changes 2010 to 2013

- Proportion of users with at least one out-of-network (OON) professional service **declined** from 1/10 to 1/20
- Percent of total payments for professional services allocated to OON services **declined**
 - All users of care: from 18% to 7.5%
 - Among users with some OON service use: from 41% to 35%
- Proportion of users with >50% of payments allocated to OON **fell** from 9% to 4%

Affected Physician Specialties Perspective: Changes from 2010 to 2013

- Total payments (carrier reimbursement plus patient liability) to these specialties for hospital care
 - OON proportion **fell** from 21% to 11% overall
 - Constraint against balance billing accounted for 3.7 points of the drop (38%)
- Out-of-Network (OON) payments to these specialties for hospital care
 - Patient share **declined** from 32% to 23% overall; carrier share rose from 68% to 77%
 - Large majorities of nonparticipating physicians agree to accept AOB
 - 82% of OON payments to hospital-based specialties
 - 76% of OON payments to on-call medical specialties
 - 65% of OON payments to on-call surgical specialties
- No evidence of systematic decline in network participation

Major Carriers Perspective: Changes from 2010 to 2013

- Hospital services (CMS service type groups)
 - Out-of-network (OON) percent of services declined across all service types
 - OON proportion of payer reimbursements declined across all service types
- Two of the five major carriers reported
 - Dissatisfaction with imbalance in the two payment options in the bill; they contended they paid more than the other payers
 - They paid the billed charges submitted on the claim by affected specialties who accepted assignment
 - MHCC observed
 - Actual billed charges submitted on a current claim are higher than billed charges paid in calendar year 2009 inflated by the cumulative growth in the MEI (3.9%); paying billed charges submitted on a current claim would be compliant with the law
 - Payers may elect to pay higher amount due to administrative convenience or other reasons
- Other major payers reported no objections to the current law

Major Conclusions from Study

- Overall the legislation achieved its purpose to ease the financial burden on patients who use out-of-network providers in hospital settings by reducing reliance on balance billing
- Increased predictability in payments for nonparticipating physicians as evidenced by majority accepting AOB.
- For most payers, out-of-network services & reimbursements declined as a share of total services & reimbursements between 2010 and 2013
- No evidence of systematic deterioration in payer networks
- Two of five carriers reported paying billed charges in 2013, higher than required by the law

MHCC Recommendations on AOB Law

- Remove abrogation date but make no additional changes to the law
 - MHCC acknowledges that the law requires some carriers to pay more than others, differences exacerbated by current payment policies
 - Differences will continue to narrow over time because inflation in allowed charges is more rapid than growth in the Medicare Economic Index (MEI)
- MHCC will help carriers who are paying billed charges by devising a fee schedule that is consistent with the law
 - Confirm that affected carriers paid bill charges in 2009
 - Produce provider or specialty specific 2009 fee schedules derived from the Medical Care Data Base consistent with the law
 - Provide the MEI value for each year after 2009 to be used as inflation factors
 - Carriers would load AOB fee schedules into adjudication software

Questions?

