

CHA Key Messages

California is National Leader in Protecting Patients from Unexpected Hospital Bills, But More Should be Done

1. Patients should be shielded from unexpected medical bills.

- California is a national leader in protecting patients from both “balance billing” and “surprise billing.”
- *Balance billing* occurs when a health insurance company only partially pays a provider for care provided to a patient; the provider then bills the patient for the remaining amount due. *Surprise billing* often occurs when patients receive services from an out-of-network physician — such as an anesthesiologist — despite having received care at an in-network hospital. The physician then bills the patient for the amount not covered by the health plan.
- Most Californians are protected from hospital balance bills under current state laws. However, gaps still exist for people covered by federally regulated self-insured plans provided by employers and union trust funds, and by PPO plans regulated by the California Department of Insurance.
- Any solution should include educating patients so they understand the scope of their health care coverage, the size of their deductible, and how to access their health care benefits.

2. Patients should not be balance billed for emergency services or out-of-network services received by an in-network provider.

- Patients should be able to understand their cost-sharing obligations in these circumstances, and be able to count on them not changing.
- Once policies have been established that take patients out of the middle of the billing process, providers and insurers should be left to negotiate payments for out-of-network claims without government interference.
- Current state laws that prohibit hospitals from employing physicians contribute to confusing and costly practices and should be updated.

3. All California hospitals offer free or discounted care, including interest-free, extended payment plans, to patients who cannot afford to pay for the services they receive.

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- In California, people who earn up to 350% of the federal poverty level are eligible for either free or discounted hospital care. Many hospitals also offer financial assistance to people with even higher incomes.
- California's hospitals also must offer reasonable payment plans to patients. These payment plans cannot exceed 10% of the patient's income, including deductions for essential living expenses.
- State law requires California's hospitals, upon request, to provide patients with a "good faith" estimate of the expected out-of-pockets costs for any planned health care service. Few states have such a requirement.