

CHA Talking Points

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 hospital for care provided to a patient; the hospital then bills the patient for the remaining amount due. *Surprise billing* occurs when patients receive services from an out-of-network physician – often 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.
- More than 90 percent of Californians are protected from balance and surprise 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.

2. All of 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.

- In California, people who earn up to 350 percent of the Federal Poverty Level are eligible for either free or discounted hospital care. Many hospitals 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 percent 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.

3. The health care system is complex, but it’s clear that there is an undue burden on too many patients and more must be done to protect patients from unexpected bills.

- The current payment system was not designed all at once; rather it evolved over many decades as a response to federal reimbursement policies, regulatory mandates, chronic underfunding of the Medicaid and Medicare programs, the

- proliferation of narrow networks, and high-deductible, “skinny” insurance plans that provide low premiums but offer little financial protection when people need care.
- In this complex system, patients — even those with good health insurance — often face confusing or overwhelming bills for the care they receive.
 - Current state laws that prohibit hospitals from directly employing physicians and from requiring doctors to contract with the same health plans as hospitals contribute to burdensome billing practices.
 - Solutions must protect *all* patients from unexpected bills while ensuring that providers are able to negotiate appropriate payment rates with health plans.