

October 1, 2015



Insurance Agents & Brokers of Pennsylvania

SENT VIA EMAIL

David Buono  
Consumer Liaison  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, PA 17120

Dear David:

**RE: SURPRISE BALANCE BILLING OF HEALTH INSURANCE CONSUMERS**

Insurance Agents & Brokers of Pennsylvania (IA&B) appreciates the opportunity to provide comments on the topic of balance billing of health insurance consumers in advance of the Insurance Department's public hearing on this issue.

IA&B is a professional trade association for independent insurance agents in the state who provide primarily property and casualty insurance coverage to their clients. Many of our members are multi-line; that is, they also offer life and health group insurance services. As such, we have a vested interest in health care reform implementation in Pennsylvania, and in addressing consumer protection issues such as the surprise balance billing of health insureds.

The practice of balance billing is one that is particularly troubling to IA&B members. Independent insurance agents are consumer advocates for their clients. They are the individuals calling the hospital and the insurer to handle disputes or advocate for the payment of claims. The agent is the individual a health care consumer turns to in a time of insurance-related questions and concerns.

To that point, we have been made aware of situations in which our agents have experienced balance billing incidents with their clients. It's the common complaint the Commissioner has outlined leading up to the hearing, and I'm sure will be recounted at the hearing; that is, a policyholder presents to an in-network medical provider, and during that care a portion of the treatment and/or testing is performed by an out-of-network provider, unbeknownst to the policyholder. This provider then sends a balance bill to the policyholder, much to his/her surprise.

We are aware that Pennsylvania currently offers limited protection against balance billing, namely when it relates to emergency care. However, IA&B is urging that the state expand upon these protections. In the feedback we are receiving from our member agents, this situation arises just as frequently in non-emergency care.

The good news is that Pennsylvania is not alone in both its concern for this issue, as well as its desire to address it. Several states have recently enacted laws that address balance billing issues, and the National Association of Insurance Commissioners (NAIC) is in the process of issuing a model law on the issue.



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David Buono  
October 1, 2015  
Page Two

IA&B has been researching this issue since it has been brought to our attention by our member agents, and we believe that expansion of the restrictions on balance billing is necessary, as well as consumer disclosure. Both of these points are exhibited in recent state laws that have been passed, as well as the NAIC model being proposed. There are three key elements that we feel should be enforced in Pennsylvania:

1. Disclosure – Make consumers aware that they may encounter out-of-network providers as part of the care they receive when they present to an in-network provider, and provide instructions on their rights when the situation arises.
2. Transparency – In addition to disclosure to consumers, give clear explanations of provider directories, explanation of medical bills, the cost of using non-network providers, etc.
3. Process to resolve disputes – Assignment of claims appears in recent laws on this issue, and strikes a balance between consumer protection and physician interests. Assignment of a claim allows the consumer to transfer the right for reimbursement to the out-of-network provider, who then seeks direct payment from the health insurance company. The out-of-network provider agrees to accept any payment from the health insurance company as payment in full, and cannot balance bill the consumer.

Based on our research as well as feedback from other states, these expansions to existing law can help eliminate the surprise balance billing scenario. These expansions also allow the insurance agent to better understand the process, so they can in turn advise the consumer. Of mutual interest for both the agents and the Department on this issue is consumer protection, and we feel such expansion of the law will accomplish that.

IA&B appreciates the opportunity to provide input on the issue of balance billing from the agents' perspective. Additionally, IA&B would like to continue to serve as a resource for the Department as work continues to find solutions to this issue. If you have any questions or would like any additional information, please feel free to contact Lauren Brinjac, Government Affairs Director, at (800) 998-9644 or via email at laurenb@iabforme.com. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Rick Russell". The signature is written in a cursive, flowing style.

F.E. "Rick" Russell, II  
President & CEO, IA&B

cc: IA&B of Pennsylvania Board of Directors  
Jason Ernest, Esq., Deputy CEO, IA&B  
Lauren Brinjac, Government Affairs Director, IA&B