

# NCN in 2009

## A Hard Look at Healthcare

OCTOBER 2009

### 2009 — Negotiating a Balance Billing Solution

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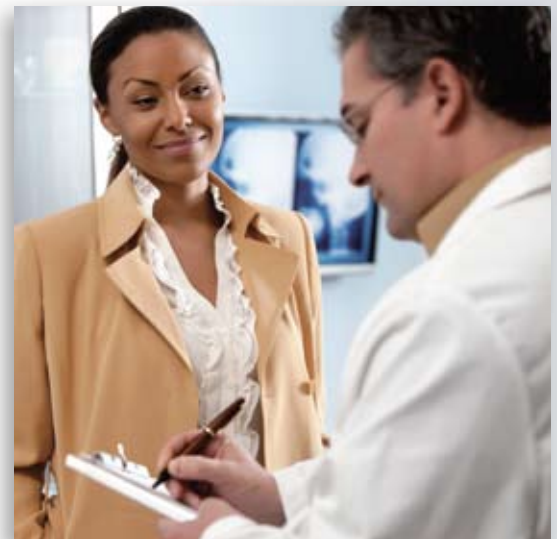
Among the many topics under discussion in the midst of our current national healthcare debate has been a renewed focus on the practice of balance billing. Most frequently associated with out-of-network claims, balance billing arises when healthcare providers not contracted with a patient's health plan issue the patient a bill for the difference between what the health plan has paid versus the amount the provider has charged for services given to the patient.

Because the provider is not limited by the pre-arranged rate designated by a patient's health plan in-network or Medicare claim, providers are able to charge rates of their own choosing at a time when most of the patients receiving care are facing an emergency and forced to seek care outside their network. The unfortunate result for the patient can be a large, unexpected medical bill.

#### Investigating the Options

Federal law prevents Medicare patients from being directly billed by providers for unpaid balances, and state laws already in place in California, New Jersey and 45 other states prohibit in-network providers from billing insured patients beyond the co-pays or co-insurance required by their health plan. Although some states are also taking actions to begin shielding insured patients from out-of-network balance billing resulting from emergency treatment, this remains the most common group of patients affected by this practice.<sup>1</sup>

Due to the incredibly intricate nature of the healthcare industry, laws in some states actually help to perpetuate balance billing. Current Texas legal mandate, known as the "assignment of benefit," requires that insurance plans pay even out-of-network providers directly for services received by a patient on their plan. This practice has the unintended effect of excluding patients from the initial payment process, limiting their ability to negotiate a fair charge on their own behalf before a bill is issued.<sup>2</sup>



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<sup>1</sup> "Medical Bills You Shouldn't Pay," Business Week, August 28, 2008.  
[http://www.businessweek.com/magazine/content/08\\_36/b4098040915634.htm](http://www.businessweek.com/magazine/content/08_36/b4098040915634.htm)

<sup>2</sup> "Balance Billing: An Overview," Texas Association of Health Plans, Oct. 2008.  
[http://www.tahp.org/documents/THS/2008/THS\\_October\\_08\\_Balance\\_Billing.pdf](http://www.tahp.org/documents/THS/2008/THS_October_08_Balance_Billing.pdf)



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Limited reporting requirements and agency authority allow for very few statistics on the prevalence of balance billing in Texas, or nationwide. In 2007, however, a study commissioned by the California Association of Health Plans found that “more than 1.76 million insured Californians who visited emergency rooms in the last two years received balance bills on top of their co-pays and deductibles.” With an average bill of \$300, this resulted in \$528 million in unexpected charges to these patients in just two years.<sup>2</sup>

### Negotiating a Solution

A practical solution is available to the problem of balance billing. State officials are increasingly recommending that health plans, and/or their individual members, procure the services of an independent firm, such as NCN, to negotiate a rational reimbursement agreement between all involved parties.

In these cases, NCN analyzes clients’ submitted claims in a rational, defensible, repeatable manner that is 100% transparent to the provider, payer and patient. There are no “black boxes” or “proprietary data;” all data, processes and rules are publicly available and industry accepted. Since NCN’s cost-based methodology is designed to reward efficiency, and it assures appropriate margins to providers, this open dialog discourages balance billing.

Payers are fearful of balance billing, but they shouldn’t be. Through the negotiation process with providers, NCN has been able to prevent a balance bill in 96 percent of payer reimbursements. By utilizing NCN’s tools on behalf of members and providing



the umbrella of protection for out-of-network claims, health plans will limit the costs caused by long-term disputes, and earn the loyalty and appreciation of their members for serving their best interest at a time they are most in need. NCN’s cost-based methodology provides a defensible, money-saving solution to the problem of balance billing.

**About NCN**—NCN is the national leader in cost management for out-of-network claims. We use cost-based data and transparent reporting to maximize savings on healthcare claims. At NCN we claim a better way for payers, providers and patients.



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