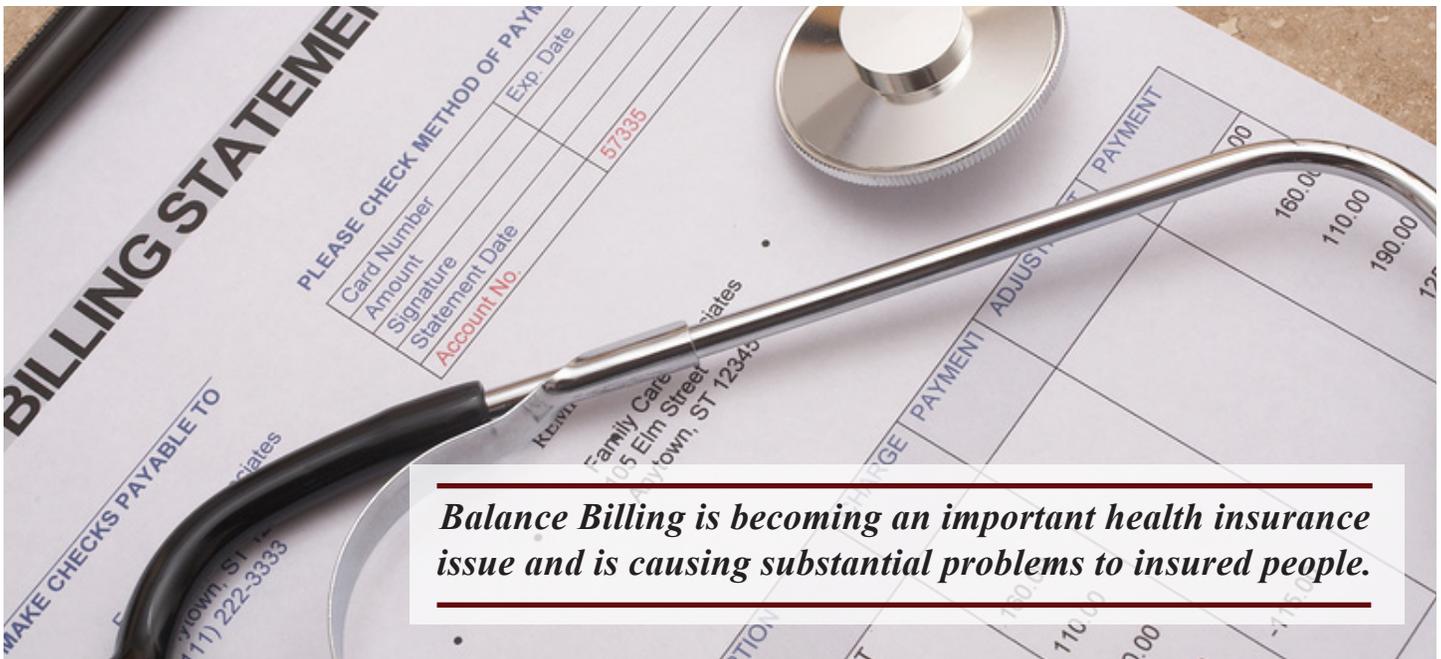


Balance Billing by Out-of-Network Providers

—By Jacques Chambers, CLU, August 2015



Balance Billing is becoming an important health insurance issue and is causing substantial problems to insured people.

You may think you do not need this information because you “always use In-Network Providers? Surprise! Not necessarily so. Surprise Balance Billing is growing.

Balance Billing is becoming an important health insurance issue and is causing substantial problems to insured people and is occurring more often now that insurance companies offer Managed Care health insurance policies almost exclusively, and at the same time are reducing the number of “preferred” providers in their provider networks.

For Example: Let’s say you have good health insurance, and it is a Managed Care Plan such as an

HMO or PPO, as almost all plans are today. You need to go into the hospital for some minor surgery. You are a wise user of healthcare so you check your plan’s network provider directory to be sure your surgeon and the hospital are in your provider network.

The surgery goes well. The bills come, and you wait for the insurance company to process the claim before making any payments. The hospital and surgery discount their bills as in-network or preferred providers so that you only owe the remaining portion of the guaranteed amount, either a co-pay or percentage of a smaller amount that is contracted between your plan and the provider. As long

as it is a network provider, you are only legally obligated to pay your portion of the contracted amount. The provider is prohibited by their contract with the insurance company for billing you for any additional amount.

But then, you receive more bills, this time from an Assistant Surgeon and an Anesthesiologist, two doctors you never encountered before, at least not while conscious. The insurance plan processes their claims and, when the Explanations of Benefits arrive; you suddenly learn those doctors were not “preferred” providers. They were out-of-network doctors who had no contract with your

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insurance company. Those doctors bill you for a substantial amount of money that the insurance did not cover.

If you are in an HMO; which requires you to use network providers, the HMO will pay \$0 of those bills. If you are in a PPO that provides some coverage for out-of-network providers, the plan may pay a small portion of the bills. However, without a contract with the insurance company those two doctors can bill you their full rate and you will be legally on the hook to pay them. By using out-of-network providers, you lost the ability to have your portion of the bills limited.

But wait! That's not fair! You were never given a chance to make sure those treating physicians were part of the insurance network. I agree, it is not fair, but, unfortunately, it is legal and is happening more frequently. You must pay the bill in full, work out a discounted payment with each doctor, or risk having your credit rating affected.

Do You Have Any Protection from Balance Billing?

Actually, there is very little protection from Balance Billing, although some states have passed legislation to provide some relief. Prevention is the best way to avoid Balance Bills.

The Affordable Care Act does include a provision that helps people who must use out-of-network Emergency Rooms (ERs). It requires insurance plans to cover charges in an ER, even if out-of-network. In those cases, it must pay out-of-network providers no less than what Medicare would

You should also be aware that even though a hospital may be in-network, the doctors staffing the ER may not be. Note that in most jurisdictions, although coverage in an out-of-network ER is limited to "life-threatening" emergencies, courts have interpreted that to be "life-threatening is a condition which appears to be life-threatening by a reasonable lay person." That means if you have chest pains that are later determined to be bad indigestion, it would still be considered "life-threatening" for insurance purposes.

In addition to Balance Billing in a hospital or an emergency room, another possible source is when you are referred for a consultation to a specialist. This can happen when the health plan's provider directory is inaccurate or outdated. It can also occur when the referring physician makes the referral without realizing it is to an out-of-network provider. This happens more frequently that you would expect since most doctors belong to several "networks."

Finally, of course, some people will opt to intentionally go out-of-network to see the medical provider of his or her choice for specific reasons, realizing that they will have to pay more out-of-pocket.

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pay for such services regardless of what the plan normally pays out-of-network providers. Usually, the providers will accept that payment without balance billing. However, that does not guarantee that out-of-network providers will not still bill you for the balance.

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Can I Avoid Getting a Surprise Balance Bill?

Unfortunately, there is no way to guarantee you will never receive a Balance Bill, but there are several things you can do to help prevent them:

1. Do your homework. Before seeing any provider, do not rely on the provider directory. Contact the provider’s billing/insurance department, and confirm they are in the specific network that you belong to. Note that many insurance providers use different networks for different plans; make sure the provider is in your specific plan’s network. Also write down the date, time, department, and name of the person you speak with.

2. If you know you will be going into a facility, see if your doctor can give you the names of any other providers you will be seeing, such as radiologists, pathologists, assistant surgeons, anesthesiologists, etc. Check their network status before entering the facility by the same methods.

3. If your Managed Care Plan does not provide a network specialist you need, or, if an out-of-network provider is a leader in the specific area of the specific procedure you need or in the specific condition

you have, see if the Plan will agree to authorize your visit and charge you only your in-Network portion of the bill. This will be easier if your Network physician supports the referral.

4. If you go into an Emergency Room or are in a hospital and an unknown physician wants to treat you, try to find out their status with your plan. This may be difficult, as many physicians do not personally keep track or even know to which networks they belong.

5. Check with your state’s Department of Insurance to see if there is legislation that provides you some protection from Balance Billing. A few states have added some protection, but the level of protection substantially varies among the states.

What Do I Do If I Get An Unexpected Balance Bill?

1. Do Not pay any bill from a medical provider until you receive the Explanation of Benefits (EOB) from the insurance company explaining how they processed the bill. If the EOB is slow in coming, you may want to inform the provider’s billing office so they will not think you are ignoring the bill.

2. Call the phone number on the EOB and review it with a Claims Representative. If it does concern

an out-of-network provider, there could be several possibilities:

a. Hopefully, the provider was actually in-network and it was just a coding error; which will be corrected when the bill is reprocessed.

b. If it is not a coding error, ask about your appeal rights. Appeal rights are also listed in your plan booklet. This is especially valid if it is due to an error that is at least partially the plan’s fault, or if it is a surprise Balance Bill from a provider you had no option in choosing.

c. Also, ask what the carrier is willing to do to help resolve the situation. Ideally, they should contact the provider and take you out of the middle, but admittedly, that may not happen.

3. Call the out-of-network provider and try to arrange a reduced payment. This will be easier if the insurance company agrees to make some payment.

Following those guidelines should reduce your chances of getting a Balance Bill to a minimum. Health insurance is wonderful to have, but you should not assume it will take care of itself and always be correct in its processing. Remember, to all the people handling your bills and insurance claims only you have a stake in making sure it is processed accurately. 