



June 10, 2019

The Honorable John Shimkus
United States House of Representatives
2217 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Shimkus:

On behalf of the Illinois Health and Hospital Association's (IHA) more than 200 hospitals and nearly 50 health systems, we applaud your work to protect patients from surprise medical bills. Illinois is one of only nine states with comprehensive laws that ensure patients are not burdened by unanticipated medical bills after receiving emergency care or treatment in an in-network hospital. These successful state-level approaches should be considered as a model for federal legislation. We also appreciate the opportunity to share our concerns about some of the alternative approaches being considered.

Illinois Laws as a Model for Federal Legislation

Illinois laws protect patients from surprise medical bills by banning the practice of balance billing and removing the patient from disputes between providers and insurance plans. Importantly, all of the legislative proposals introduced in Congress to date also include this IHA-supported patient protection.

Specifically, Illinois *Public Act 96-1523* holds insured patients harmless for any increased out-of-pocket obligations from certain facility-based out-of-network practitioners who provide services at an in-network hospital. The law explicitly defines an "out-of-network practitioner" as one who provides radiology, anesthesiology, pathology, neonatology or emergency department services in a participating hospital or ambulatory surgical treatment center.

Illinois *Public Act 94-0885* requires insured patients to be provided with advance notice that healthcare professionals affiliated with the hospital may not be participating within the same insurance plans and networks as the hospital.

In the event a dispute arises between providers and health plans, Illinois uses "baseball-style" arbitration as the binding dispute resolution process. In this process, each party must submit a proposed best and final offer to the arbitrator, who chooses one of the two, without modification. In addition to expediting dispute resolution, this approach has proven to be significantly less costly than traditional arbitration or litigation.

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Several of the proposals introduced in Congress would establish arbitration as the dispute resolution mechanism; however, other proposals being considered use government rate setting to determine the amount paid to providers. **IHA strongly opposes setting rates for physicians and hospitals in federal statute and requests that you protect the role of private contract negotiation in healthcare.**

Rate-setting Proposals Would Threaten Access to Care

Over half of the reimbursement rates paid to Illinois hospitals are set in law by the Medicare and Medicaid programs, and fall short of covering the cost of care. Medicare reimburses Illinois hospitals 11 percent below the cost of providing care, and Medicaid reimburses 25 percent below the cost of providing care. Currently, 42 percent of Illinois hospitals are operating on negative or extremely thin margins.

IHA is concerned that expanding government rate-setting to the private sector could lead to an immediate, harmful reduction in hospital resources, which would threaten access to care. Additionally, health insurance companies would have no incentive to negotiate with providers or establish adequate coverage networks, which could especially harm patients living in rural areas. If insurers are allowed to pay out-of-network providers less than they would pay if those providers were in their network, these insurers will have little incentive to contract with these providers and pay them an appropriate rate.

Again, we appreciate the opportunity to highlight Illinois' successful solutions to protect patients from surprise medical bills and to express our support for preserving private contract negotiation for providers, thereby promoting adequate coverage networks for patients.

We look forward to working with you to enact meaningful legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'A.J. Wilhelmi', written in a cursive style.

A.J. Wilhelmi
President & CEO
Illinois Health and Hospital Association