



TESTIMONY OF NEW JERSEY APPLESEED PILC  
WITH RESPECT TO S.485 (Out-of-Network Consumer Protection and  
Accountability Act) BEFORE THE SENATE COMMERCE COMMITTEE  
(April 5, 2018)

Senator Pou, Senator Cryan and Members of the Committee:

Good Morning, Senators. My name is Mary Pat Gallagher and I am the Communications and Policy Director for New Jersey Appleseed Public Interest Law Center, a nonprofit, nonpartisan legal advocacy center that has been active in health care reform since its inception in 1998, and is one of the founding members of the New Jersey Healthcare Coalition. Our mission in the area of health care is to impact public policy to secure quality and affordable health care services for all, regardless of income, social status, race or ethnicity. We have been active for the past four years in promoting this bill to protect consumers from out-of-network surprise medical bills as well as advising consumers who have been denied insurance coverage for certain medical and behavioral health services. We are the co-author with Consumers Union of "Surprise Medical Bills: What they are and how to stop them, while ensuring access to needed services

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and adequate payment for providers," and the author of a how-to manual concerning insurance appeals, "A NJ Guide to Insurance Appeals: Understanding How to Contest Adverse Benefit Determinations in the State" (Dec. 2015).

First and foremost, this bill represents the best efforts of many stakeholders in our health care system to come up with a way to protect consumers from being blindsided by out-of-network bills that they did not choose to incur and, in many cases, cannot afford. It creates the strongest possible protection for consumers, effectively banning balance billing for involuntary out-of-network services. Unless they knowingly and based on full disclosure choose to incur out-of-network charges consumers don't have to pay them. Period. They are taken out of the equation, leaving the providers and insurers to resolve disputed out-of-network bills through arbitration.

Second, the bill promotes price transparency, collects data regarding insurance denials and system-wide cost savings, and sets up a baseball arbitration system that is open to individual patients as well as self-funded plans that elect to be subject to the provisions of section 9 of the Act. These features of the bill will substantially alter the interactions between insurers, providers, and patients, and hopefully, will lead to savings for the State, businesses and individual consumers who bear their own premium costs. Certain providers have been trying to work

outside the managed care paradigm allegedly on behalf of their patients, but in actuality only to their own financial advantage. This bill will put an end to those practices that have proved to be fundamentally unfair and inequitable, especially to consumers with limited financial resources. Emergency room treatment and surgical interventions are times of stress, and surprise medical bills from assistant surgeons, anesthesiologists, emergency room doctors and other providers only add more stress. This bill will put an end to such stress, and permit consumers to heal in peace.

Keep in mind that this bill is not a first stab or a rough draft. It has been kicking around in some form for years and has been revised again and again in an attempt to address the concerns of the various stakeholders. The bill you have before you today strikes a very good and careful balance and it is comprehensive and though it might not be perfect, it is as close as we are going to get, at least for now. That is why it has such broad support--from healthcare advocates, business interests, health insurers and unions. I understand the hospitals are now on board too.

We all agree that surprise medical bills are a costly and widespread problem. Every year that this bill does not get passed costs the people of New Jersey almost \$1 billion, as

estimated by New Jersey Policy Perspective in a 2016 report. We need to get this done now.

Finally, we want to thank Senators Vitale and Weinberg and Assemblyman Coughlin for their tireless efforts on behalf of New Jersey health care consumers. We request that you to pass this bill out of committee and urge your fellow Senators to vote "yes" on behalf of New Jersey consumers.

Respectfully submitted,

Mary Pat Gallagher