

SUPPORT

HB25-1151 Arbitration of Health Insurance Claims

Sponsored by: Rep. Rebekah Stewart (D), Rep. Anthony Hartsook (R)
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STOP UNFAIR COMPETITION, PREVENT HEALTH PLAN GAMING OF THE SYSTEM, RETURN ORDER

BACKGROUND

This bill will not change anything for health plans that reimburse providers pursuant to §§ 10-16-704(3), 10-16-704 (5.5), or 25-3-122(3), C.R.S., as applicable, and is sufficient based upon the complexity and circumstances of the services provided.

HB19-1174 was passed in 2019 to prevent patients from receiving surprise medical bills for health care services when the patient did not knowingly go out of their health plan's provider network when seeking such care. HB22-1284 was subsequently passed to align the state's surprise billing law with the federal "No Surprises Act." Many alignments were made, however, the federally granted ability for a provider to batch claims for arbitration was not included. SB25-1151 will include that efficiency for all parties on Colorado's statutes.

WHY THIS BILL?

Today's inability for an emergency provider to batch claims places a costly and tremendous hurdle for the provider to be adequately reimbursed for providing care. It has provided such an advantage providers have seen Insurers across the state demand the providers terminate their contract or accept 20-40% lower payment rates. It is cheaper to drive a provider out-of-network than contract with them. This is bad for patients. Those providers are no longer available to the patient.

Health plans will argue that granting this ability to batch claims to providers will increase costs.

- According to the Division of Insurance, HB19-1174 and HB22-1284 resulted in an average 0.74% savings on premiums. SB25-1151 does NOT contemplate rolling back those statutes, it just adds one efficiency so the impact on premiums would be negligible if at all. (2024 data)
- The big insurers ask that in-network physicians batch claims for their appeals process because it is less time consuming and cheaper.

HB25-1151 drives efficiencies and saves both health plans and providers money which can decrease patient premiums.

- In Colorado, the charge of an approved arbitrator ranges from \$400 to \$1,200 per hour. The loser of the arbitration must pay those costs ensuring providers do not request arbitration lightly.
- Batching of emergency care claims is cost effective for health plans and is also cost effective for provider.

You may also hear that if Colorado adopts the ability to batch claims it should also adopt the federal reimbursement methodology.

- The federal methodology has resulted in more claims going to arbitration with providers winning approximately 80% of those disputes. Under the federal law, health plans rely on "cost management companies." These companies have been referred to as "cartels" in the press.
- Most US insurers, including the 15 largest in the country, use MultiPlan to determine out-of-network payments. MultiPlan is currently being sued for price-fixing under the RICO statutes for allegedly conspiring to underpay out-of-network providers. "These dynamics have forced many practices, particularly smaller ones, to shut their doors, cease offering certain services, or join massive hospital conglomerates, leaving patients with fewer and fewer healthcare options," the American Medical Association's suit argues.

Let's create efficiencies, not new problems. When Colorado adopts SB25-1151 the resulting financial efficiencies will allow physicians to better utilize their time caring for patients.



COLORADO
MEDICAL SOCIETY



Vote Yes on HB25-1151 Arbitration of Health Insurance Claims