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February 10, 2020

The Honorable Richard Neal
Chair
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

The Healthcare Association of New York State, on behalf of our member nonprofit and public hospitals, nursing homes, home health agencies and other healthcare providers, appreciates the thoughtful approach that the House Committee on Ways and Means has undertaken to craft the Consumer Protections Against Surprise Medical Bills Act. HANYS is pleased to support this legislation, which advances our shared goal of protecting consumers from surprise medical bills.

HANYS is proud to have played a key role in the successful passage and implementation of the New York state Out-of-Network Consumer Protection Law. While most New Yorkers enjoy some of the strongest consumer protections in the nation, there are still millions who do not benefit from state law because they are covered by health plans authorized under the Employee Retirement Income Security Act. ERISA plans are regulated by the federal government; therefore, HANYS is focusing our efforts to address surprise billing at the federal level to ensure that all New Yorkers, regardless of coverage, are protected from surprise medical bills.

HANYS applauds the Committee on Ways and Means for drafting this comprehensive legislation that fully insulates the patient and goes further than other proposals to take into consideration continuity of care, and provides clear instructions to health plans to ensure that their provider directories are accurate, and that patients understand their out-of-pocket responsibilities.

HANYS also backs provisions within the Consumer Protections Against Surprise Medical Bills Act that respect market dynamics between providers

and health plans by encouraging resolution of out-of-network bills through an open negotiation process. New York state law requires parties to negotiate payment disputes once the patient is protected, insulating the patient from the dispute and ensuring speedy resolution to the case. We have seen in New York that the vast majority of out-of-network claims are resolved during this process and rarely rely on an independent mediated dispute resolution process.

Unfortunately, proposals developed by other committees in the House would pay providers a benchmark rate for out-of-network services. A federal benchmark rate would shift tremendous power into the hands of insurance companies at the expense of hospitals and health systems and the patients they serve.

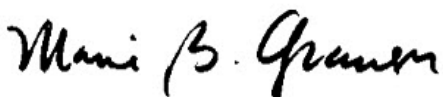
When health plans can rely on a default rate, it erodes the need for participation in robust networks and allows plans to negotiate contracts with unfair leverage. It is clear that out-of-network usage and costs (and therefore surprise bills) decrease when networks are robust and inclusive. Therefore, HANYS believes that benchmark rates should be rejected because of their likely adverse impact on strong networks.

New York rejected implementing a benchmark rate in 2015 and the results have been overwhelming: a 34% reduction in out-of-network bills, a 9% reduction in in-network emergency physician payments and more than \$400 million in savings for consumers since 2015.

HANYS thanks the Ways and Means Committee for its thoughtful approach to addressing surprise medical bills at the federal level and we stand ready to continue working with you as the Consumer Protections Against Surprise Medical Bills Act moves through the legislative process.

If you have questions, please contact Cristina Batt, vice president, federal relations, at (202) 488-1272 or cbatt@hanys.org.

Sincerely,

A handwritten signature in black ink that reads "Marie B. Grause". The signature is written in a cursive, flowing style.

Marie B. Grause, RN, JD
President