February 10, 2020

The Honorable Richard Neal
Chairman, House Ways & Means Committee
1102 Longworth House Office Building
Washington D.C. 20515

The Honorable Kevin Brady
Ranking Member, House Ways & Means
1139 Longworth House Office Building
Washington DC 20515

Dear Chairman Neal, Ranking Member Brady, and Members of the Ways & Means Committee:

Employers are the single largest purchasers of healthcare products and services, providing affordable, equitable healthcare for 181 million Americans. The Pacific Business Group on Health (PBGH) is a not-for-profit organization of 40 public purchasers and private employers across the United States that collectively spend over $100 billion a year purchasing health care services for 15 million Americans. PBGH and our member companies are all too familiar with the abusive practice of surprise medical billing. These expensive charges unnecessarily burden families and result in increased costs across the entire healthcare landscape.

We all can agree that protecting patients is the first priority of any solution to surprise medical billing. However, legislators must also find solutions to contain health care costs resulting from hospital and physician charges, the largest cost expenditure for U.S. employers and patients. To achieve a true end to surprise medical bills, PBGH and its employer members advocate for a benchmark solution that contains costs from the outset of the billing process.

Surprise medical bills are no accident; they are a calculated business decision propelled by the private equity sector, which has increasingly invested in medical specialties that generate a disproportionate share of surprise bills. These specialties remain out of network in order to charge high fees for urgently needed services. A benchmarking mechanism will thwart these efforts to charge unreasonable medical fees by establishing a means for all patients and consumers to benefit from fairly negotiated, market-based rates. According to the Congressional Budget Office, linking out-of-network reimbursement to the median in-network rate would save consumers and taxpayers nearly $25 billion over the next decade.

Arbitration in any form is not a viable solution to the surprise billing challenges facing American families. The addition of more bureaucracy into the health care system will continually undermine the central goal of this legislation: affordability and financial security. Just like we have seen in the state of New York, out-of-network providers have found ways to take advantage of the arbitration system at the expense of patients and employers who shoulder the vast amount of these costs. Arbitration fails to protect our citizens, leaving them to the whims a long, drawn-out negotiation with high administrative costs and uncertain outcomes.

PBGH remains concerned by the lack of patient and employer protection in the *Consumer Protections Against Surprise Medical Bills Act* to be considered by the Committee on Wednesday, February 12. As written, the proposal is inadequate in its efforts to contain costs for patients and employers. The proposal does not address exorbitant charges by the air ambulance industry, one of the most egregious, unchecked sources of surprise medical bills. Additionally, American families caught with a surprise bill would not feel financial relief until 2022, leaving them prone to predatory billing for another two full years.

We look forward to continued negotiation with the House committees as legislation is crafted to address this unfair practice. We remain hopeful that the final agreement between the relevant committees of jurisdiction in the House and the ultimate final product once resolved with the Senate incorporates a balanced, benchmark-based approach that protects patients from financial harm and establishes a mechanism to prevent runaway health care costs for employers and the 181 million employees and families for whom they provide benefits.

Regards,

William E. Kramer

Executive Director for Health Policy
Pacific Business Group on Health