



February 11, 2020

Hon. Richard Neal
Chairman
Committee on Ways & Means
11102 Longworth House Office Building
Washington, D.C. 20515

Hon. Kevin Brady
Ranking Member
Committee on Ways & Means
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady,

The Self-Insurance Institute of America, Inc. (SIIA) is a member-based association that represents thousands of self-insured employers, third-party administrators, stop-loss carriers, and other industry service providers. Across the country, over 60% of employees and their beneficiaries receive health benefits through a self-insured plan. SIIA members, their employees, and families have seen firsthand the consequences of the dramatic increase in surprise medical billing in recent years.

SIIA appreciates your important and ongoing work on the issue of surprise medical billing. However, we remain concerned about legislative proposals that rely on arbitration to resolve surprise billing and the burden it imposes on self-insured small businesses and their employees. We support efforts to prevent out-of-network providers from charging exceedingly high and unnecessary rates for care, often hundreds of times the price of negotiated rates, through privately negotiated in-network median rates. This cost containment is necessary from both a larger healthcare cost perspective, as well as ensuring that patients remain the priority.

The vast majority of our members manage plans for America's small- and medium-sized businesses who rely on the cost-effectiveness, flexibility, and strength of benefits provided through their self-insured health plans. For these self-insured businesses, an arbitration approach pits small businesses and their employees against large and well-funded providers, many backed by private equity. These providers and physician groups would be handed a significant competitive, administrative, cost, and data advantage over a self-insured plan of 150, 250, or even 500 beneficiaries in an arbitration-style approach.


To effectively end the abusive nature of surprise medical billing, Congress must establish a fair and equitable process in which patients and small employers can utilize unbiased, negotiated, market-based rates. In fact, many self-funded plans already have similar agreements in place through providers through "referenced base pricing," or RBP, arrangements.

In contrast, arbitration, or “independent dispute resolution,” will impose greater bureaucracy as well as unnecessary legal and overall costs on healthcare consumers, who deserve more transparency and less costly options, not more. Similarly, arbitration would simply allow private equity-owned hospitals, air ambulances, and others to create excessive cost burdens on these small businesses, who will bear the brunt of an arbitration-style system. These out-of-network providers are already remaining out-of-network to charge higher costs for urgently needed medical services. Simply put, arbitration creates an opportunity for out-of-network providers to abuse the system at the expense of patients and employers who shoulder the costs of such practices.

In order to protect America’s self-funded small- and medium-sized businesses, we urge the Committee to re-consider arbitration and protect the patients who need it the most through a fair and equitable private-sector benchmark.

We remain hopeful that a final agreement reflects a more appropriate balance with the Senate’s *Lower Health Care Costs Act of 2019*, which better protects self-insured employees and their families from the harmful costs of surprise billing. On behalf of SIIA members and the families they serve, we urge you to adopt a surprise billing solution to put these patients and their employers, who are trying to do the right thing, on a fair and equitable footing with large providers.

Sincerely,

A handwritten signature in blue ink that reads "Ryan C Work". The signature is written in a cursive, slightly slanted style.

Ryan C. Work
Vice President, Federal Government Relations
Self-Insurance Institute of America, Inc.