

**AB 72 (Bonta, Bonilla, Dahle, Gonzalez, Maienschein, Santiago, and Wood)**

# Stop Surprise Medical Bills

**Patients do the right thing. So should doctors and insurers.**



Patients know they have to follow their insurers' rules and go to an in-network hospital, lab or other facility to keep their out-of-pocket costs low. Unfortunately, many patients end up getting a surprise bill for hundreds or thousands of dollars from an anesthesiologist, radiologist, pathologist or other specialist who turns out to be out-of-network, one the patient probably never met, did not choose, and have no control over.

Sponsored by Health Access California and the California Labor Federation, AB 72 protects patients from surprise medical bills when they do the right thing by going to an in-network hospital, lab, imaging center or other health care facility. Patients would only be responsible for their in-network cost sharing and would be prohibited from getting outrageous out-of-network bills from doctors they did not choose.

## WHY CONSUMERS NEED PROTECTION

Most California patients are already protected from surprise medical bills for emergency services. However, thousands of Californians receive surprise out-of-network bills for non-emergency services each year even though they've done the right thing by going to an in-network facility. In 2015, the Consumer Reports National Research Center conducted a national survey of consumer problems with insurance bills. The survey showed that almost 1-in-4 Californians have received a bill for which the insurer paid less than expected (23%); of those, nearly 1-in-5 were charged at an out-of-network rate when they thought the provider was in-network (18%); and most Californians (63%) assume doctors at an in-network hospital are also in-network.

Surprise bills wreak havoc on people's finances and their ability to pay for basic necessities. A recent Kaiser Family Foundation survey found that 61% of those with medical bill problems say they have had difficulty paying other bills as a result of their medical debt and more than a third (35%) were unable to pay for basic necessities like food or housing. Just last month, the Federal Reserve said nearly half of U.S. households reported they would have trouble meeting emergency expenses of just \$400.

### **AB 72 Protects Consumers from Surprise Out-of-Network Bills**

AB 72 holds consumers harmless for surprise bills from out-of-network charges that were outside of their control. Specifically, among other consumer protections, the bill:

- Requires health plans to let consumers pay the same co-pays and other cost sharing that they would pay for in-network care when they end up being treated by an out-of-network provider at an in-network facility.
- Protects consumers from having their credit adversely affected, wages garnished, or liens placed on their primary residence.
- Allows an enrollee to voluntarily consent to an out-of-network provider if the consumer is enrolled in a PPO with an out-of-network benefit and specified procedures are followed.



**SARAH R. – BAYSIDE, CA**

When Sarah had a baby in June 2015, she researched her options and chose an in-network hospital. She ended up having an unplanned C-section and was surprised when she received a \$1,050 bill for the out-of-network anesthesiologist.

*"I'm grateful that my baby girl is healthy and that my delivery went well, but I had no idea the anesthesiologist would be out-of-network and not covered by my insurance. That unexpected additional \$1,050 bill was a burden on our budget."*

## AB 72 IS A FAIR SOLUTION FOR ALL STAKEHOLDERS

AB 72 protects patients from surprise bills, provides certainty for doctors and insurers, and keeps our health care costs under control.

- **PATIENTS** only pay in-network cost-sharing for all care when they go to in-network facilities. No surprise out-of-network charges.
- **INSURERS** must reimburse out-of-network doctors a fair rate for their services: 125% of Medicare or the insurer's average contracted rate, whichever is greater.
- **DOCTORS** are assured a minimum payment in statute. They can appeal to the state's Independent Dispute Resolution Process (IDRP) if they want a higher payment.

## SUPPORT FOR AB 72

California Labor Federation (cosponsor)  
Health Access California (cosponsor)  
American Cancer Society Cancer Action Network  
Americans for Democratic Action, Southern California  
Association of California State Supervisors  
California Alliance for Retired Americans  
California Association of Health Underwriters  
California Black Health Network  
California Coverage & Health Initiatives  
California Pan-Ethnic Health Network  
California Professional Firefighters  
California School Employees Association  
California State Retirees  
CALPIRG  
Children Now  
Congress of California Seniors  
Consumers Union  
Hunger Action Los Angeles  
Inland Empire Immigrant Youth Coalition  
NAMI California  
National Health Law Program  
National Multiple Sclerosis Society CA Action Network  
SEIU California  
The Children's Partnership  
United Ways of California  
USW Local 675  
Western Center on Law and Poverty

### **Neutral:**

California Dental Association  
California Medical Association