

# AB 533 (Bonta) Preventing Surprise Bills

## *Stop Unfair Charges When Patients Follow the Rules*

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Patients know they have to follow their insurance plan's rules and go to an in-network hospital to keep their out-of-pocket costs low. Then they get 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.

[AB 533](#) (Bonta) would protect patients who visit an in-network hospital or facility but then get a "surprise bill" from an out-of-network doctor, one they probably never met or did not choose. While Californians in managed care plans cannot get surprise bills for out-of-network care provided in the emergency room, AB 533 prohibits surprise billing for non-emergency care, impacting 22 million Californians.

Sponsored by Health Access California, AB 533 ensures that if consumers do the right thing by visiting in-network hospitals or facilities, they will pay in-network charges and co-pays for all the providers they encounter in their visit. The total amount of cost sharing will also count toward their out of pocket maximum.

### Why Consumers Need Protection

If a consumer does the right thing and chooses an in-network hospital or lab, they shouldn't be on the hook to pay for an out-of-network provider they did not choose and have no control over. Typically, consumers don't know they had an out-of-network doctor until they receive the surprise bill, which can be hundreds, or thousands of dollars. For example, patients don't typically choose their anesthesiologist, radiologist, or pathologist.

Even though more Californians have insurance than ever before, surprise out of network charges are causing many consumers financial hardship. Surprise bills can be thousands or even tens of thousands of dollars---and do not count toward the annual in-network cost sharing cap of \$6,600. Surprise bills have detrimental effects on consumers' 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've had difficulty paying other bills as a result of their medical debt, and more than a third (35%) say they were unable to pay for basic necessities like food, heat, or housing.

### Fair Payment for Doctors and Preventing Price Increases

AB 533 requires health plans to pay out-of-network doctors providing services at in-network hospitals, labs, and other facilities at least what Medicare pays for the same services. The Medicare fee schedule is a transparent and publicly available database. The federal government relies on a committee of the American Medical Association, which represents doctors, to set Medicare rates. Providers who would like to get paid more than the Medicare rate can appeal to an independent dispute resolution board.

Some physicians suggest health plans should be required to pay out-of-network based on "charges" from a database called FAIR Health. This is problematic for several reasons: First, FAIR Health includes provider charges or sticker prices which typically have no relation to the actual cost of care or what is paid by insurers. Basing reimbursement on data that relies on sticker prices drives up the

cost of health care for everyone. Often, 80% of the sticker prices is 5x or 10x the Medicare rate. Second, the FAIR Health database does NOT include 90% of California's commercial insurance market because it does not have data from Kaiser, Anthem, Blue Shield or HealthNet. The only California insurers reflected in FAIR Health are from the three health insurers with the smallest market share and the least bargaining power in California: Aetna, Cigna and United.

## **Broad Coalition of Support for Protecting Consumers: Consumers, Labor, Physician Groups, the Chamber of Commerce, Health Insurers**

### ***Consumer and Patients***

Health Access California  
AARP  
American Cancer Society Cancer Action Network  
California Black Health Network  
California Pan-Ethnic Health Network  
CALPIRG  
Children Now  
Children's Defense Fund California  
Consumers Union  
Leukemia & Lymphoma Society  
NAMI California  
National Health Law Program  
National Multiple Sclerosis Society – California  
Action Network  
The Children's Partnership  
Western Center on Law and Poverty

### ***Health Insurers***

America's Health Insurance Plans  
Anthem Blue Cross  
Association of California Life and Health  
Insurance Companies  
California Association of Health Plans  
California Association of Health Underwriters  
Cigna

***Neutral:*** The California Hospital Association

### ***Business***

California Chamber of Commerce

### ***Physician***

California Association of Physician Groups  
California Primary Care Association  
Community Clinic Association of Los Angeles  
County

### ***Labor***

American Federation of State, County and  
Municipal Employees  
California Labor Federation  
California Professional Firefighters  
California School Employees Association  
California State Council of the Service Employees  
International Union  
California Teachers Association  
International Alliance of Theatrical Stage  
Employees Local 80  
LIUNA Local 777  
LIUNA Local 792  
SEIU California

### ***Other Supporters***

City of Oakland  
California Public Employees Retirement System  
Board of Administration

### **Have questions?**

Contact Tam Ma, 916-497-0923 ext. 201  
tma@health-access.org