

AB 1611 (Chiu): Patient Protections Against Surprise Emergency Room Bills

Fair Reimbursements to Hospitals While Providing Cost Relief for Millions of Californians

When an emergency occurs, a patient often does not choose where they are taken for care. Californians may end up at an emergency room in a hospital that was out of the network of their insurance provider. AB 1611 (Chiu) protects them from receiving a bill from an out-of-network hospital for more than their in-network copay, deductible, or cost sharing. The bill also protects consumers from being sent to collections for an amount greater than their in-network cost sharing. Importantly, AB 1611 protects consumers from higher insurance premiums, driven up by hospital monopoly pricing of emergency care.

After media stories earlier this year describing Californians with health insurance going to emergency rooms and getting bills of thousands or tens of thousands of dollars—often destabilizing their family finances—the need for action is urgent. Congress is considering several federal proposals. AB 1611, co-sponsored by Health Access California and the California Labor Federation, is vital to ensuring millions of Californians, after facing the trauma of an emergency, do not then face the second trauma of an enormous hospital bill and then the reality of premiums driven up by inflationary hospital pricing.

No ER Charges to Consumers Beyond Health Plan Cost Sharing

The only thing a patient should be thinking about lying on a gurney in an emergency room is getting care and getting better—not getting a bill of thousands of dollars. No consumer, especially one that is insured, should be at risk of being sent to collections or facing financial ruin just because they did the right thing and went to an emergency room when they thought they were in need of emergency care.

Closing Loopholes in California's Existing Protections

Every Californian deserves to be protected against surprise bills for hospital emergency room care. Thirteen million California consumers with coverage regulated by the Department of Managed Health Care already benefit from most of these consumer protections. But there are still seven million Californians who have coverage that is regulated by the California Department of Insurance or the federal Department of Labor that are not covered under current state law. AB 1611 extends these existing consumer protections against surprise balance billing and collections to these Californians.

FACT SHEET: AB 1611 (Chiu)

Providing Fair Reimbursement to Hospitals, not Monopoly Prices

AB 1611 seeks to ensure the hospital gets a fair reimbursement for emergency room treatment. However, the hospital should not be allowed to abuse the monopoly they have in emergency situations (where the consumer has no choice about where they are taken) to charge whatever they want. Without a payment standard, hospitals have a blank check to bill the “sticker price” for care which is typically three to four times what any insurer or public program ever pays.

To stop this hospital monopoly pricing practice, AB 1611 proposes two alternative payment standards for out-of-network emergency room care. These standards are first, “reasonable and customary,” which factors in a blend of public and private rates actually paid as well as hospital “sticker prices”, or second, the “average contracted rate” for that service, for that region, for that health plan. “Average contracted rate” is similar to “median in-network rate” that is included in the three leading bipartisan bills currently pending in Congress. If these payments are insufficient, the bill preserves the ability hospitals to litigate for a higher payment. Hospitals should get paid fairly, but not use their monopoly to inflate the costs we all end up paying through higher premiums.

AB 1611 is about protecting consumers, which means they have access to emergency hospital care without being charged outrageous amounts for that care. It will not put hospitals out of business, it simply proposes a solution that ensures a fair reimbursement to the hospital that is based on the market—the average of their contracted rates—rather than the monopoly they have in an emergency situation, which now allows the hospital to charge whatever they want.

AB 1611: Protecting Consumers from Surprise ER Bills & Higher Premiums

AB 1611 lowers costs both for patients and for all California health consumers. It prevents patients from receiving outrageous ER bills and facing financial ruin, while also ensuring that hospitals can’t demand exorbitant rates from insurers that then drive up premiums for everyone. This bill is an important consumer protection that will benefit millions of Californians.