New York HPA Health Plan Association

NEWS RELEASE

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HPA ON EXCLUSION OF SURPRISE BILLING REFORMS IN ONE-HOUSE BUDGET PROPOSALS

Statement by Eric Linzer, HPA President and CEO

"Governor Hochul's Executive Budget outlined a series of sensible reforms to New York's Surprise Billing law that would protect consumers, employers and taxpayers. The proposal to remove Medicaid from the state's Independent Dispute Resolution (IDR) process would end the loophole high-priced providers have been exploiting to generate excessive reimbursements. In 2024, IDR payouts to providers totaled $116.5 million, compared to $3.2 million that Medicaid would have reimbursed for the same services without the IDR process and the number of Medicaid claims submitted for IDR has grown from 778 in 2021 to over 14,000 (14,116) in 2024, a 1,700% increase. This abuse is costing the state hundreds of millions of dollars that should be used to provide care for the state's most vulnerable residents. **A detailed overview is available here (**Medicaid IDR Fact Sheet**)**

"The Executive Budget also proposed changes affecting the commercial market, redefining the benchmark on payment disputes between health plans and providers and establishing a cap on payments. A 2022 study found that the New York arbitration approach increased payments for nonemergency out-of-network services by 24%. These inflated awards ripple through the system, raising premiums and out-of-pocket costs. As a recent letter from a broad group of local businesses and employer associations noted, adopting these measures '***will protect consumers and employers from out-of-network providers charging excessive prices that increase the cost of coverage and is an important step to make health care more affordable for New Yorkers.***' (employer letter)

"After more than a decade, it is time to reform New York's Surprise Billing law. While the Assembly and Senate omitted these provisions from their one-house budget proposals, the final FY27 state budget must include them to help address the affordability crisis in health care."

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Examples of Providers Exploiting the IDR Process to Increase Medicaid Reimbursement:

- An individual needed emergency back surgery at a downstate hospital, which was performed by an out-of-network surgeon. While the Medicaid fee schedule reimbursed for the surgery at nearly $3,000, the provider disputed the amount, submitting a bill in excess of $566,000 – almost 200 times the Medicaid rate. The independent reviewer determined the surgeon should have been reimbursed over $514,000, which became the ultimate cost to the taxpayers.

- A patient with spinal nerve compression that was causing muscle weakness was admitted to a downstate hospital and required surgery. An out-of-network orthopedic surgeon performed the procedure, charging over $563,000, well above the Medicaid fee schedule of roughly $1,300. The independent reviewer rendered a decision that the provider was owed over $507,000.

- A downstate neurosurgery group that was out-of-network performed spinal fusion surgery on an individual at an in-network hospital. The Medicaid fee schedule set a rate of $1,757, while the group charged nearly $81,000, with the independent reviewer determining that the neurosurgery group's requested amount to be more reasonable.

Examples of Out-of-Control Commercial IDR Costs:

- A provider was awarded $315,848 for a scheduled surgery that had been approved by the plan, with an out-of-network payment of $7,239. Despite the surgery being pre-authorized, the provider billed it as an emergency service and submitted the claim for IDR. The arbiter sided with the provider, requiring $308,575 in additional payment without providing an explanation for the decision.

- An out-of-network plastic surgeon that billed $67,500 for the closure of a surgical wound compared to the health plan's in-network reimbursement rate of $2,146. After submitting the claim to IDR, the surgeon received $19,493 – more than 1,000% above what Medicare typically pays for this procedure.

- An out-of-network provider billed $59,750 for remote neuromonitoring of a patient, which is $57,077 more than the plan's in-network reimbursement of $2,673. Through IDR, they received $45,372.