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Pallone Opening Remarks at Surprise Billing Legislative Hearing

"Let me be clear —I'm interested in fixing this problem for consumers not for the stakeholders who've allowed this problem to persist for decades while consumers continually paid the price."

Washington, D.C. – *Energy and Commerce Chairman Frank Pallone, Jr. (D-NJ) delivered the following opening remarks at a Health Subcommittee hearing on, "No More Surprises: Protecting Patients from Surprise Medical Bills:"*

Today our Committee continues its important work on making health care more affordable.

It is long past time for Congress to take decisive action to protect patients from the unreasonable and unacceptable practice of surprise billing. Every day, we hear new stories about American families being devastated financially and put through the tremendous emotional toll of surprise medical bills. Stories like Stefania Kappes-Rocha's of California, who went to the emergency room for a kidney infection at Zuckerburg Hospital in San Francisco. She spent one night in the emergency room and was sent home a day later with ibuprofen. Two months later, she received a bill for more than $27,000. Then there's the story of Joseph from Sea Girt, New Jersey who went to an in-network hospital for an emergency surgery on his leg only to later receive a $60,000 bill from a surgeon who was out of his network. And then there's the story of Drew Calver of Dallas, Texas, who received a $108,000 surprise medical bill from St. David's Medical Center, after treatment for a heart attack.

These stories highlight a clear market failure. I know we will see a lot of finger pointing today about who is at fault for this failure— this is the same finger pointing that has resulted in patients going into debt, ruining their credit, and questioning whether they should take their child to the hospital. But let me be clear —I'm interested in fixing this problem for consumers not for the stakeholders who've allowed this problem to persist for decades while consumers continually paid the price.

It is clear that the private sector is not going to fix this problem on its own, and that Congress needs to step in and provide relief to consumers. That being said, I want to commend the stakeholders here today for all agreeing that it's no longer acceptable to have patients in the

middle of their disputes. People who need emergency care or who are treated by a doctor they did not choose should be held harmless.

Fortunately, there is bipartisan agreement on this Committee that we must act. Ranking Member Walden and I have worked together to craft a commonsense, bipartisan solution to the problem of surprise billing. Our draft legislation would ensure that consumers with all types of private insurance are protected from surprise bills. It holds the patient harmless in surprise bill situations, by ensuring that an individual's cost sharing for out-of-network care is limited to what the individual would have paid if the services were provided by an in-network provider. This would ensure that patients are no longer penalized by the provider and the insurers failure to contract, which is no fault of their own.

Providers would no longer be able to balance bill patients for out-of-network emergency services or for scheduled services from providers the patient was not aware would be involved in their treatment. For the vast majority of cases our discussion draft is simply asking providers to be more transparent about their billing practices and charges.

Insurers and hospitals also have a large role to play in making sure consumers understand their coverage. It is critical that we build some basic transparency and fairness into a system I think we all agree is incredibly difficult for consumers to navigate. Providers, hospitals, and insurers should share this goal – because the status quo is severely damaging their reputation and trustworthiness in the eyes of consumers.

The discussion draft proposes resolving the payment dispute between the provider and the insurer by requiring the insurance plan to pay, at a minimum, the median in-network rate for that service in that geographic area. This ensures that in the absence of balance billing, every provider will be guaranteed some payment for their services. This would also create a predictable, transparent means of resolving these disputes between providers and insurers who have failed to contract. It would also place little to no administrative burden on states, the federal government, or the parties involved in the dispute.

I look forward to hearing constructive feedback on the draft proposal, but I strongly believe that any viable solution in this space cannot result in rising health care costs. This debate has shed light on the fact that some provider's charges and hospital fees are inexplicably high, and I worry that if Congress chooses the wrong approach, consumers will simply end up paying those costs through higher premiums. We simply cannot allow this to happen.

I hope that today we can have a productive discussion without pointing fingers and passing the buck. We should instead focus on policy solutions that protect consumers. Ideally, such a solution will not only take the patient out of the middle and hold them financially harmless from surprise billing, but will also help create a lower-cost, more rational health care system for all Americans. I believe that the Pallone-Walden discussion draft accomplishes these goals, and I look forward to feedback from our witnesses. Thank you, I yield back.

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