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UC HEALTH

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Dear California Committee on Energy and Commerce Members:

The University of California Health System (UC Health) commends the work the United States Congress is undertaking to protect patients from surprise medical bills for out-of-network services. We absolutely support proposals to hold patients harmless from unexpected out-of-network cost-sharing for in certain circumstances such as emergency services, post-stabilization care, and professional and ancillary services provided at an in-network facility. UC Health shares your commitment in ensuring health care is more affordable and more transparent for patients, and we understand the importance of this issue. UC Health is focused on finding a solution to protect patients and remove them from the middle of any reimbursement disputes. However, we are concerned by the draft legislation's approach to determining reimbursement for out-of-network facilities and providers and to establishing additional burdensome, and potentially confusing, notice and consent requirements for patients. Establishing a benchmark "median" reimbursement rate between payors and non-contracted providers does not help protect patients from surprise bills, and it could have the unintended consequences of diminishing insured patients' access to care.

UC Health functions as a highly specialized, safety net provider to residents throughout the state of California and beyond. With renowned academic medical centers in Davis, Irvine, Los Angeles, San Diego, and San Francisco, and primary and specialty care clinics located throughout California, UC Health provides care to millions of patients who need high quality, specialized medical services. Each UC medical center has a National Cancer Institute (NCI)-designated cancer center staffed and equipped to treat the most advanced stages of cancer. Additionally, our hospitals provide trauma care, burn care, organ transplants, neo-natal intensive care, inpatient psychiatric care, and inpatient pediatric care. Our commitment to fulfilling our public mission means that nearly 60 percent of the patients treated at UC medical centers are publicly insured or uninsured. UC Health also fulfills its public mission by training nearly half of the medical residents and medical students in California at its hospitals and medical schools.

UC Health opposes the provisions in the draft bills that would require payors to reimburse non-contracted facilities and providers a "median contracted rate" for certain out-of-network services, such as emergency services, post-stabilization care, and professional and ancillary services at an in-network facility. We are concerned that such an approach will give insurers an incentive not to contract with providers of highly specialized services and academic medical centers like those at

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UC Health. UC Health's joint missions of patient care, medical research and education are critical to advancing high-quality, innovative health care for the benefit of all patients, and in furtherance of this tripartite mission, UC medical centers often treat patients with much higher acuity, needing more expensive, specialized therapies, and incur significant costs associated with education and training of the next generation of physicians. Incentivizing insurers to exclude providers of highly-specialized, higher cost services from their networks could reduce, rather than improve, patients' access to care, including to academic medical centers and safety net institutions.

For similar reasons, while not currently in this Committee's draft bills, we want to share our reservations about inserting into legislation any restrictions on the types of contractual clauses providers may negotiate with health plans, such as provisions that require a payor to contract with the all of the providers within a health system. Payors are responsible for maintaining comprehensive provider networks to ensure access to care for their enrollees and providers should have the flexibility to negotiate contractual terms that support the health care needs of the patient populations they serve.

UC Health supports increased transparency for patients as to both the in-network status of the facility and providers and the estimated costs that patients could be expected to pay for those services. We agree that patients should be educated and empowered to better understand their health plans and which providers are in their network. However, UC Health also is concerned that provisions in the draft bills related to patient notice are not the right solution to preventing surprise bills. Even when scheduling care, patients can often be overwhelmed and it may be difficult for them to understand and absorb detailed and potentially complex information about their insurance coverage. Requiring providers, at the time of scheduling, and again on the date of service, to give patients both oral and written notice about the provider's network status and estimated charges and to have patients sign that notice and consent to any out-of-networks charges at least 72 hours prior to receiving services (not including emergency services or post-stabilization services), presents significant operational and administrative challenges for patient registration and financial counseling staff and could cause delays in scheduling care.

We want to be a resource to your Committee as you continue legislative efforts to reduce incidents of surprise billing. If we can be of assistance to you, please contact our Federal Governmental Relations Director of Health and Clinical Affairs, Julie Clements, JD, MPP ([\(julie.clements@ucdc.edu\)](mailto:julie.clements@ucdc.edu)/(202)-974-6309).

Sincerely,



John Stobo, MD
Executive Vice President