



# California's Surprise Billing Legislation Protects Patients Without Threatening Provider Networks

New study from America's Health Insurance Plans (AHIP) shows that California's approach to surprise medical bills can be a model for federal legislation.

A new study published in AJMC.com, the website of *The American Journal of Managed Care*, shows that since California passed its legislation to end surprise medical bills in 2016 (AB 72), **the number of in-network doctors is 116% of the level prior to the law going into effect.**

- For some specialties, the number of physicians in provider networks was as high as 126% of the level prior to the law going into effect.
- The study is based on new research examining 11 health plans, representing 96% of covered lives in the fully insured commercial market in California.\*

## Patients deserve to be protected from surprise medical bills.

- Surprise medical bills occur when patients receive care outside of their insurance network, at no fault of their own, and are billed directly by specialty doctors for whatever amount they determine they are owed beyond what a health plan pays.
- Legislation like AB 72 in California corrects this market failure by **setting a benchmark, locally negotiated market reimbursement rate** for out-of-network care.

**Average Change by Health Plan in the Number of In-network Providers in California between July 2017 and July 2019**

| Physician Type       | In-network Providers, 2017-2019, % |
|----------------------|------------------------------------|
| Total Physicians     | 116%                               |
| General Surgery      | 110%                               |
| Emergency Medicine   | 110%                               |
| Anesthesiology       | 118%                               |
| Diagnostic Radiology | 126%                               |
| Pathology            | 101%                               |

**Health insurance providers oppose the practice of surprise billing** and believe that all patients deserve both access to health care and the security of knowing that they will not be hit with unexpected additional costs after receiving care.

**California's surprise billing legislation (AB 72) protects patients without threatening provider networks and could serve as a model for federal legislation.**

\* The survey excluded health plans that had fewer than 10,000 enrollees, as well as Kaiser Permanente (KP). While KP is the largest health plan in California, serving more than half of the commercial fully insured market in the state, it was excluded because Kaiser Foundation Health Plan has exclusive contracts with the two Permanente Medical Groups which provide most care through their own physicians.