

We all recognize the problem of high costs in healthcare, which put a serious burden on all Americans and US employers that provide benefits to their employees and families. The good news is that there is now a rare window of opportunity to meaningfully address this problem through bipartisan Congressional action. There is an urgent need for all of us to engage in these policy debates before the window closes during the upcoming election season.

Many of us believe that healthy competition and market forces can and should spur efficiency, appropriate care, high quality,

**“IN THE SPECIFIC CASE OF SURPRISE BILLS, POLICY MAKERS MUST TAKE STEPS TO PROTECT CONSUMERS AND HOLD DOWN THE OVERALL COSTS OF CARE.”**

and better patient experience. But there is growing recognition that our healthcare system has serious problems—including the effects of market consolidation and anti-competitive practices on prices. We know that market power has enabled providers, drug companies, pharmacy benefit managers, and others to raise prices. We also know that market concentration has been growing in recent years. Most hospital markets are already highly concentrated, and hospitals have also been buying up physician practices, limiting purchasers’ ability to fairly negotiate on behalf of patients. In other words, many parts of the healthcare market are fundamentally broken, and policy intervention is required.

Surprise billing is a painful symptom of a dysfunctional and unaffordable healthcare system. This nightmare is all too familiar: Unsuspecting and vulnerable patients are grateful for care but saddled with expensive and unexpected bills, even though they received care at a hospital designated as “in network.” In fact, unexpected medical bills are the number 1 concern among Americans,

according to a Kaiser Family Foundation poll (Figure 7).<sup>1</sup> More than 67% of Americans said that they were very or somewhat worried about being able to afford a medical bill they received due to no fault of their own. This is a clear example of a market failure. In the specific case of surprise bills, policy makers must take steps to protect consumers and hold down the overall costs of care.

One of the promising solutions to this problem has been endorsed by the Senate Committee on Health, Education, Labor, and Pensions: a fair benchmark payment derived from existing market prices to avoid price gouging by a small number of providers. As an article in this issue of *The American Journal of Managed Care*<sup>®</sup> shows, California’s experience implementing a policy to address surprise medical billing demonstrates that out-of-network payment standards can influence payer–provider bargaining leverage, impacting prices and network breadth. Furthermore, an analysis

by Blue Shield of California has shown that the overall number of physicians under contract has increased since the implementation of the law, and the contracted rates for ancillary providers who frequently balance-billed also continued to increase after the law went into effect.

Patients may not care whether Congress uses arbitration or benchmarking in its legislation to eliminate surprise medical bills, but they do care about access to affordable, high-quality healthcare for themselves and their families. Implementation of these and other policies will take time and require significant changes by important stakeholders. Yet the vitality of our economy, the solvency of our nation’s treasury, and the welfare of all Americans depend upon our efforts. ■

**REFERENCE**

1. Kirzinger A, Wu B, Muñana C, Brodie M. Kaiser Health Tracking Poll—late summer 2018: the election, pre-existing conditions, and surprises on medical bills. Kaiser Family Foundation website. [kff.org/health-costs/poll-finding/kaiser-health-tracking-poll-late-summer-2018-the-election-pre-existing-conditions-and-surprises-on-medical-bills](http://kff.org/health-costs/poll-finding/kaiser-health-tracking-poll-late-summer-2018-the-election-pre-existing-conditions-and-surprises-on-medical-bills). Published September 5, 2018. Accessed August 4, 2019.

**Mission Statement**

*The American Journal of Managed Care*<sup>®</sup> is an independent, peer-reviewed forum for the dissemination of research relating to clinical, economic, and policy aspects of financing and delivering healthcare. The journal’s mission is to publish original research relevant to clinical decision makers and policy makers as they work to promote the efficient delivery of high-quality care.

**Indexing**

*The American Journal of Managed Care*<sup>®</sup> is included in the following abstracting and indexing sources:

- ▶ Medline/PubMed
- ▶ EMBASE/Excerpta Medica
- ▶ Current Contents/Clinical Medicine
- ▶ Science Citation Index Expanded
- ▶ Current Contents/Social & Behavioral Sciences
- ▶ Social Sciences Citation Index
- ▶ Cumulative Index to Nursing and Allied Health Literature (CINAHL)
- ▶ International Pharmaceutical Abstracts (IPA)
- ▶ Physiotherapy Evidence Database (PEDro)



Opinions expressed by authors, contributors, and advertisers are their own and not necessarily those of Managed Care & Healthcare Communications, LLC, the editorial staff, or any member of the editorial advisory board. Managed Care & Healthcare Communications, LLC, is not responsible for accuracy of dosages given in articles printed herein. The appearance of advertisements in this journal is not a warranty, endorsement, or approval of the products or services advertised or of their effectiveness, quality, or safety. Managed Care & Healthcare Communications, LLC, disclaims responsibility for any injury to persons or property resulting from any ideas or products referred to in the articles or advertisements.

*The American Journal of Managed Care*<sup>®</sup> ISSN 1088-0224 (print) & ISSN 1936-2692 (online), UPS 0015-973 is published monthly by Managed Care & Healthcare Communications, LLC, 2 Clarke Drive, Suite 100, Cranbury, NJ 08512. Copyright © 2019 by Managed Care & Healthcare Communications, LLC. All rights reserved. As provided by US copyright law, no part of this publication may be reproduced, displayed, or transmitted in any form or by any means, electronic or mechanical, without the prior written permission of the publisher. For subscription inquiries or change of address, please call: 609-716-7777 or email [Jon.Severn@mjhassoc.com](mailto:Jon.Severn@mjhassoc.com). For permission to photocopy or reuse material from this journal, please contact the Copyright Clearance Center, Inc, 222 Rosewood Drive, Danvers, MA 01923; Tel: 978-750-8400; Web: [www.copyright.com](http://www.copyright.com). Reprints of articles are available in minimum quantities of 250 copies. To order custom reprints, please contact Gilbert Hernandez, *The American Journal of Managed Care*<sup>®</sup>, [ghernandez@ajmc.com](mailto:ghernandez@ajmc.com); Tel: 609-716-7777. Periodicals class postage paid at Princeton, NJ, and additional mailing offices. POSTMASTER: Send address changes to: *The American Journal of Managed Care*<sup>®</sup>, 2 Clarke Drive, Suite 100, Cranbury, NJ 08512. Subscription rates: US: Individual: \$239; institutional: \$359; Outside the US: Individual: \$359; institutional: \$479. Single copies: \$35 each. Payable in US funds. *The American Journal of Managed Care*<sup>®</sup> is a registered trademark of Managed Care & Healthcare Communications, LLC. [www.ajmc.com](http://www.ajmc.com) • Printed on acid-free paper.