

## Californians Face Out-of-Network Bills, Don't Know Where to Turn for Help

A new survey of 825 privately insured California residents (18+) from the Consumer Reports National Research Center<sup>1</sup> found that nearly one in four privately insured Californians face surprise medical bills – bills where the insurer paid less than expected. In addition, survey findings suggest many don't know where to turn to correct errors or get help.

### Out-of-network bills are a significant problem for Californians facing hospital visits or surgery

Of the Californians who had hospital visits or surgery in the past two years, nearly 1 out of 4 (23%) were charged at an out-of-network rate when they thought a provider was in-network (compared to the US rate of 1 in 6 (15%).

Facing hospitalization or surgery, Californians often have limited ability to prevent unexpected bills. Very few of these Californians surveyed (only 15%) had intentionally sought care from a doctor or facility outside of their plan's network. And most of these Californians (63%) assume that doctors at an in-network hospital are also in-network, while actually this is often not the case.

Our survey found that these consumers expect hospitals to provide them with better information up front. The overwhelming majority (84%) think hospitals should have to notify patients if a doctor or technician involved in a procedure performed at that hospital will be out-of-network.

Surprise bills received by Californians who had hospital visits or surgery	
The total amount I was charged was higher than expected	71%
I got a bill from a doctor I did not expect to get a bill from	22%
I was charged at an out-of-network rate when I thought the provider was in-network	23%
I was charged for services I did not receive	5%

<sup>1</sup> The California sample was part of a national survey. The full report is available at <http://consumersunion.org/research/surprise-bills-survey/>

## **Overall, Californians are unlikely to know how to complain about health insurance problems**

In general, Californians are unlikely to complain to government agencies when they encounter common problems: 81% had **never** complained to a government agency about any issue including a cable bill, credit report error, or bank fee. However, 62% of those surveyed told us they were very or somewhat likely to complain about a surprise medical bill.

But of those who took action to resolve a surprise medical bill, those complaints overwhelmingly were registered with their insurance plan (58%) and/or the hospital or doctor (42%). Only 3% of Californians with payment or billing problems first contacted someone outside of their health plan, such as a consumer assistance program or nonprofit organization. And *no one* first contacted a state government agency.

Of the 40% who did *not* take action after receiving a surprise bill, more than half (51%) said it was because they didn't think it would make a difference. Close to 1 in 5 (18%) people said it was because they didn't know what to do or where to complain. In fact, the overwhelming majority of Californians (85%) did not know which state agency is tasked with handling complaints about health insurance.

More than 2/3 of Californians (71%) were unaware of their right to appeal to the state or an independent medical expert if a health plan refuses coverage for medical services they think they need, though the right to "Independent Medical Review" has been the law since 2001.

While contacting a doctor, hospital, or insurance company is a logical first step, our survey found that some consumers are not getting satisfactory resolution to their bills. A quarter of Californians (26%) who received a surprise medical bill were satisfied with the resolution of a billing issue. Out of those whose bills were resolved unsatisfactorily or not resolved at all, the majority of consumers ended up paying for some or all of the bill (88%), with most paying the full bill themselves (60%). Consumers need to know that there are other options for help with resolving surprise medical bills.

## **Solutions**

### *Increased consumer protection*

Consumers Union believes that curbing surprise medical bills requires a combination of strong consumer protections and increased transparency about which providers are in

health plan networks, as well as avenues for complaints. Consumers Union is supporting legislation in California that would protect consumers from unfair billing practices:

- SB 137 (Hernandéz), sponsored by Consumers Union, Health Access, and California Pan-Ethnic Health Network, would require more up-to-date and accurate provider directories, helping consumers easily find information about which providers are in a plan's network, and enabling consumers to access lower cost-sharing.
- AB 533 (Bonta), sponsored by Health Access, would require in-network cost-sharing for services at in-network facilities, protecting consumers from unexpected bills from providers who are out-of-network.

### *Increased awareness of complaints processes*

When consumers do get inaccurate or unexpected bills, they need to know where to go for help. In California, consumers should report billing problems to either the Department of Managed Health Care's Help Center ([www.dmhc.ca.gov](http://www.dmhc.ca.gov) or 1-888-466-2219) or the Department of Insurance ([www.insurance.ca.gov](http://www.insurance.ca.gov) or 1-800-927-4357), depending on which agency regulates the plan.

Given that the overwhelming majority of Californians (85%) did not know which state agencies are tasked with handling complaints about health insurance, state policymakers likely do not have an accurate picture of the scope or detailed nature of consumers' health insurance problems in California, including with surprise medical bills. Consumers need to know where to turn when they receive surprise bills—so that unexpected or unfair medical bills can be resolved, and so that the agencies regulating health insurance can be made aware of gaps in consumer protections. This calls for a robust public service campaign to alert consumers about where and how to complain.

*The full report can be found at <http://consumersunion.org/research/surprise-bills-survey/>*

*Consumers Union has also created an interactive tool to help consumers across the nation contact the right government agency or a local nonprofit organization to get help with surprise bills: <http://consumersunion.org/insurance-complaint-tool>*

For more information, contact Betsy Imholz of Consumers Union at [bimholz@consumer.org](mailto:bimholz@consumer.org).