

---

# KOEHLER FITZGERALD

---

## | REFERENCE-BASED PRICING NEWSLETTER |

---

### **Koehler Fitzgerald**

---

Koehler Fitzgerald LLC provides highly specialized legal services to TPAs, HCSMs and Plan Sponsors offering reference-based medical plans.

Central to those services are the defense of balance billing claims, from provider billing to jury trial, utilizing the firm's highly rated trial lawyers, nationally recognized experts and affiliated local counsel throughout the U.S.

Koehler Fitzgerald's multilingual services are supported by the use of a proprietary and customized database to track and support group calendaring, task management, contact management, conflicts checking, integrated document assembly and customized weekly reports of the status of claims and activity.

**James F. Koehler**  
**Koehler Fitzgerald LLC**  
**1111 Superior Ave.**  
**Cleveland, Ohio 44114**  
**216.539.9370**

### **Healthcare Payment Trends**

Last month InstaMed published its "Trends in Healthcare Payments Seventh Annual Report: 2016" (the "Report"). "The new reality in healthcare is that consumers not only owe more – in the form of deductibles, copayments, coinsurance and health plan premiums – but the amounts are higher than they ever have been before." Significantly, the Report says that healthcare spending rose to \$3.4 trillion in 2016 and is expected to rise to \$5.5 trillion by 2025. Consumer expenses are anticipated to reach \$608 billion by 2019. When InstaMed's first report was released in 2010, 10 million consumers were members of high deductible health plans, that figure reached 75 million in 2016. "The average deductible for covered workers with single coverage has doubled from \$735 in 2010 to \$1,478 in 2016."

Not surprisingly, "[t]he burden to collect from patients has become a growing concern for providers as the top three provider revenue cycle concerns in 2016 were related to patient payments: increases in patient responsibility for payment, how to increase cash flow and ways to reduce days in accounts receivable." Conversely, "92 percent of consumers reported that it was important to know their payment responsibility prior to a provider visit. Yet, only a third of consumers understood their





## Oregon's Balance Billing Act

Pending Gov. Kate Brown's signature, Oregon H. B. 2339 says one "who is an out-of-network provider for a health benefit plan or health care service contract may not bill an enrollee in the health benefit plan or health care service contract for emergency services or other inpatient or outpatient services provided at an in-network health care facility." The prohibition does not apply to coinsurance, copayments or deductibles for services provided by an in-network provider or if a member chooses to receive services from an out-of-network provider. "If an enrollee chooses to receive services from an out-of-network provider, the provider shall inform the enrollee that the enrollee will be financially responsible for coinsurance, copayments or other out-of-pocket expenses attributable to choosing an out-of-network provider." The Bill creates "an advisory group that includes health care providers, insurers and consumer advocates to develop recommendations for the reimbursement of services provided to enrollees by out-of-network providers at in-network health care facilities."

© 2017 Koehler Fitzgerald LLC

payment responsibility when a deductible or copay were part of their health plan. This gap is perpetuated by a general lack of literacy on common terms in the healthcare payments vernacular – only seven percent of consumers could successfully define terms such as plan premium, deductible, co-insurance and out-of-pocket maximum."

The problem is further exacerbated by the ubiquitous transmission of information by paper. "Healthcare is one of the last industries where the majority of information is primarily transmitted via paper, including the information associated with the payment process: EOPs, EOBs, mailed paper statements, paper check payments, etc."

However, "[m]ore than half of consumers reported that having significant concerns regarding the security of making online payments for medical bills and health plan premiums." And, data breaches continue to have a material cost, approximately \$6.2 billion annually. "One of the biggest threats to the healthcare payments market is third-party vendors who are not properly vetted or who may even self-attest to being secure and compliant. Of all breaches reported to the Department of Health and Human Services, 30 percent were attributed to third-party vendors."

The InstaMed Report is based on a survey conducted by LHK Partners of providers ranging from sole practitioners to large health systems.

Koehler Fitzgerald publications should not be construed as legal advice on any specific facts or circumstances.

The contents are intended for general information purposes only and may not be quoted or referred to in any other publication or proceeding without the prior written consent of Koehler Fitzgerald. Distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship.

