

KOEHLER FITZGERALD

| REFERENCE-BASED PRICING NEWSLETTER |

Koehler Fitzgerald

Koehler Fitzgerald LLC provides highly specialized legal services to TPAs 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.

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Balance Bills by Specialty and Region

JAMA, in its January 17, 2017 edition, published a research letter written by Ge Bai, PhD, CPA and Gerald F. Anderson, PhD analyzing balance bills ("excess charges") by medical specialty and geographic region. Respectively, they are affiliated with the Johns Hopkins Carey Business School and the Department of Health Policy and Management, Johns Hopkins Bloomberg School of Public Health.

As there exists no national database of actual physician charges and actual payments by patients, data from 429,273 physicians across 54 specialties was analyzed. "Excess charges" were defined "as total charges divided by total Medicare allowable amount for medical services (ie, the charge-to-Medicare Payment ratio) for each physician." Medians were calculated for all of the data, by medical specialty, and by state.

Overall, median physician charges were 2.5 times the Medicare allowed charges. Six specialties fell within the First Quartile: anesthesiology (5.8), interventional radiology (4.5), emergency medicine (4.0) pathology (4.0), neurosurgery (4.0) and diagnostic radiology (3.8). Cardiac surgery (3.2), orthopedic surgery (3.2), and general surgery (2.9) were among the many specialties in the Second Quartile. Cardiology (2.5)





End Surprise Billing Act

On February 15, 2017, U.S. Senator Sherrod Brown (D-OH) outlined proposed legislation (S. 284) intended to protect patients from charges exceeding in-network rates for emergency care. The legislation would apply to all hospitals which participate in Medicare.

Among the provisions is a requirement that insured patients be provided with a notice stating whether or not the hospital and/or physician is in-network, and if not, an estimate of potential out-of-network fees.

Very similar legislation was introduced by Rep. Lloyd Doggett (D-Texas) in October 2015 (H.R. 3770). It was referred to the House Subcommittee on Health Action. As reported in our November 2016 Newsletter, the Doggett legislation has been given a 1% chance of enactment.

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and internal medicine (2.0) fell within the Third Quartile. Family practice (1.8) and general practice (1.6) were in the Fourth Quartile, with general practice having the lowest median of all of the specialties. "Of the 10,730 physicians with high excess charges, 55% were anesthesiologists and 3% were in general practice, internal medicine, or family practice. Of these physicians, 32% practiced in 10 of the 306 hospital referral regions in the United States: East Long Island and Manhattan, New York; Dallas and Houston, Texas; Milwaukee, Wisconsin; Atlanta, Georgia; Camden and Newark, New Jersey; Los Angeles, California; and Charlotte, North Carolina." The authors concluded that the relatively high "excess charges" in certain specialties "are more likely to be caused by interspecialty variation in charges than by interspecialty variation in Medicare allowable rates.

The state with the highest median physician charge to Medicare payment ratio was Wisconsin (3.8), followed by Alaska (3.7), Oregon (2.9), Massachusetts (2.9) and Iowa (2.8). The state with the lowest was Michigan (2.0). Again, the overall median for all physicians and states was 2.5

We defend balance billing claims in 48 of the 50 states. The ten states with the highest number of claims have the following median physician charge to Medicare payment ratios: Ohio (2.3), Utah (2.4), Texas (2.7), Michigan (2.0), Florida (2.3), Indiana (2.5), Colorado (2.4), California (2.5), Wisconsin (3.8) and North Carolina (2.6).

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