



PROUDLY SERVING UTAH PUBLIC EMPLOYEES

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HB247 — Health Care Billing Amendments

\$2.89 million impact on an annual basis for state employees.

Under HB 247, health insurers are required to pay a non-network provider for emergency services the greater of:

1. Median payment to in-network providers
2. Normal out-of-network payment rates to providers; or
3. The 80th percentile of billed charges for that service / provider specialty combination.

We anticipate the 80th percentile of billed charges to always be the highest option. Below we show the top 10 ER codes and their various payment levels based on PEHP data of our rates as compared to the 80th percentile of billed:

Top 10 ER Codes

Billed Amounts from 1/1/2016 through 11/30/2016

	Medicare	PEHP Rates*	80th percentile of Billed
Code 1	\$119	\$229	\$679
Code 2	\$175	\$338	\$996
Code 3	\$63	\$122	\$356
Code 4	\$8	\$15	\$50
Code 5	\$0	\$0	\$72
Code 6	\$42	\$80	\$158
Code 7	\$87	\$148	\$295
Code 8	\$106	\$186	\$329
Code 9	\$106	\$187	\$348
Code 10	\$63	\$97	\$236
Percentile of Billed		2nd percentile	80th percentile

*PEHP rates do not reflect each individual fee schedule but were a blend of the fee schedules on emergency CPT codes.

For the most common ER codes, 80th percentile of billed is roughly 2x - 3x higher than our current contracted rate with ER physicians.

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Billed charges have no relation or impact on the rates that physicians are currently paid because payments are made in accordance with a fee schedule of fixed rates. In contrast, emergency services at a hospital are paid as a percentage discount from the amount the hospital bills. Consequently, the impact of this bill disproportionately impacts physician costs.

Currently PEHP is contracted with all hospitals and almost all physicians to provide emergency services to members treated at an out-of-network hospital.

Given that, we estimate that the likely financial impact of the bill to the state for its employees would be:

- Approximately \$10,000 in additional costs for physicians that PEHP does not currently contract with for emergency services so that all services are out-of-network.
- Approximately \$100,000 in additional costs for hospitals. There is a range of hospital discounts in which it may be better or worse for a hospital to maintain our current contracts for out-of-network emergency services or opt for reimbursement under the bill. On the whole, we anticipate cost increase of about \$100,000.
- Approximately \$140,000 in additional costs as a result of currently contracted anesthesiologists, radiologists, and hospitalists whose practice is limited to a single hospital network electing to no longer treat out-of-network patients as part of their contract in order to qualify for higher reimbursement under the bill.
- Approximately \$2.64M in additional costs as a result of currently contracted Emergency Department Physicians terminating their contracts to become “out-of-network” and thus qualify for higher reimbursement under the bill.

Because payment under the bill for physicians is based on billed charges, it is possible, if not likely, that physicians will increase the amount they bill for emergency services. For every 1% increase in billed charges, the cost to the state for its employees would be \$43,000.

		Impact (Millions)
1	Impact on current out-of-network emergency services:	\$0.11
2	Anticipating that 100% of Emergency Medicine Physicians stop contracting with PEHP to take advantage of 80th percentile of billed payments:	\$2.64
3	Radiologists, Anesthesiologists, and Hospitalists that choose to drop contracts not associated with the principal hospital they practice at.	\$0.14
Total		\$2.89