

Facility Fee Task Force Presentation

December 1, 2023

Ann Woloson, Executive Director



**Consumers for
Affordable
Health Care**



Consumers for Affordable Health Care

Maine's Consumers Assistance Program

- Marketplace enrollment assistance (CoverME.gov)
- MaineCare enrollment assistance
- Insurance appeals and denials assistance

Information and Services

- Public policy research and advocacy
- Workshops and trainings
- Assister ListServ
- Toll Free HelpLine

Facility Fee Conundrum

Hospitals allowed to charge patients a fee, on top of the tab for medical services, to help cover hospital costs. Hospital admissions decreasing - outpatient services increasing.

- Vertical integration (consolidation - hospitals absorbing more physician/specialty practices, urgent-care centers, walk-in clinics, and standalone surgery complexes.
- Number of doctors who have left independent practices to work at hospitals has doubled over the last decade – leading to higher costs.*
- Consumers bear the brunt - face increased out-of-pocket costs as well as higher premiums from these (facility fees) extra charges.**

*[Study finds vertical integration in medicine is leading to higher costs and worse health outcomes](#), Robert O'Neill, Harvard Kennedy School, 3/2/23.

**[Facility Fees 101: What is all the Fuss About?](#) Linda J. Blumberg, Christine H. Monahan, Health Affairs Forefront, 8/4/23.

High Deductible Health Plans (HDHP)

- More than half (55.7%) of American private-sector workers were enrolled in HDHPs in 2021, the highest on record — up from 30.3% in 2013.
- 76.2% of private-sector workers in Maine enrolled in HDHPs work at firms with more than 50 workers — the highest in the U.S. and more than 20 percentage points higher than the national average.*
- HDHP can have a family deductible of over \$14,000 — creating plenty of space to get trapped under medical debt.**

*[Rate of Workers Enrolled in High Deductible Health Plans Jumps for 8th Year in Row to record 55.7%](#), Jacqueline DeMarco, Jan 30, 2023/ [Kaiser Family Foundation 2022 Employer Health Benefits Survey](#).

**[High-deductible health plans are causing medical debt. It's time to fix them.](#) Michael Waterbury , Benefits Pro, January 06, 2022

Examining Views Towards Health Care in Maine (February 2023)

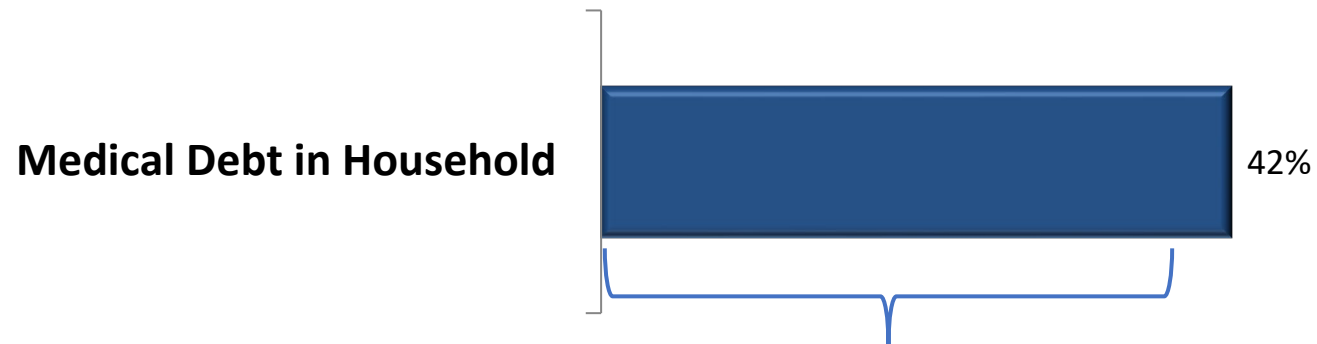
Survey Conducted on
Behalf of Maine
Consumers for
Affordable Health Care

by:

Digital
Research
inc **DRI**

Almost half of Maine households have medical debt.

Prevalence and Persistence of Medical Debt



Almost all of those who took on medical debt within the past two years still have debt (92%).

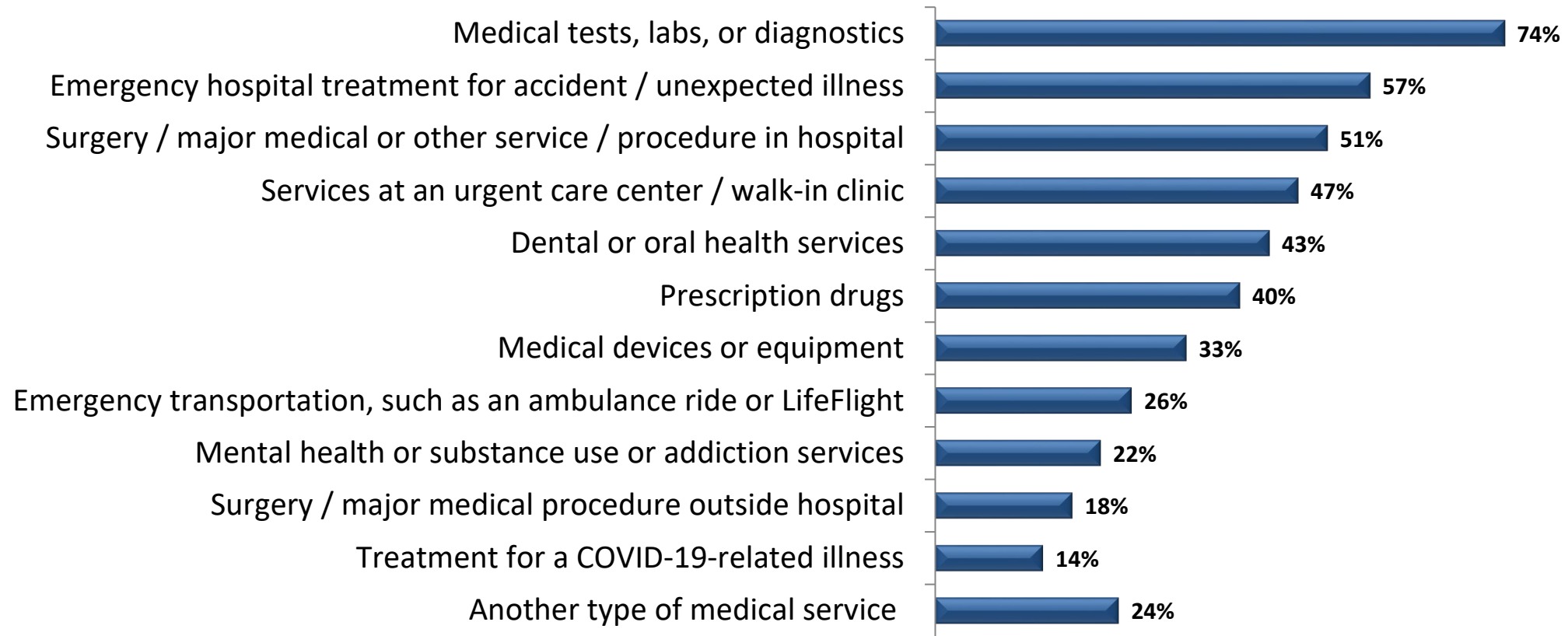
In the past two years, have you or anyone in your immediate family taken on debt or received bills you couldn't pay from a medical health care service, procedure, tests, medical device, or prescription drugs? / Do you currently have any medical debt?

(n=500)

Three out of four Mainers with medical debt say diagnostics contributed to their debt.
More than half say emergency room treatment contributed to their debt.
Four out of ten say urgent care, dental care, surgery, or prescription drugs contributed to their debt.

Contributors to Medical Debt

(% who say service type has contributed to debt)



Among those who have had medical debt themselves or who have a family member with medical debt in the past 2 years (n=233)

Did any of the following contribute to your/your family member's medical debt?

Six out of ten Maine families experienced at least one of the impacts below as a result of medical bills. Many struggled to pay for necessities, used savings, incurred credit card debt, or were contacted by a collection agency, most often due to a bill from a hospital.

Financial Impacts of Medical Expenses

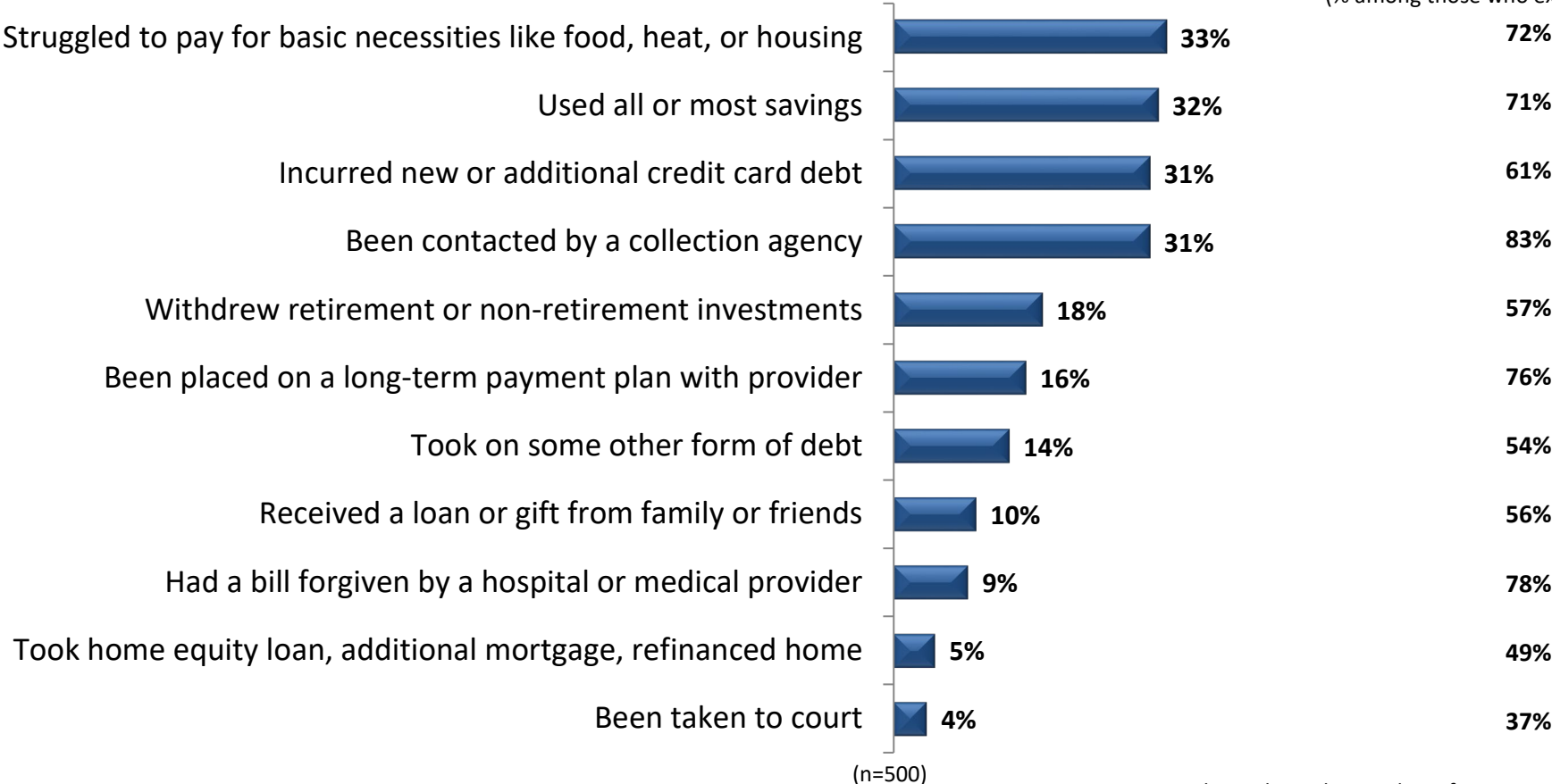
(% who have experienced impacts)

Experienced as a Result of Hospital Bill

(% among those who experienced impact)

62% of Maine families have experienced at least one of these impacts.

On average, Maine families have experienced almost three of these impacts.



(n=500)

Base depends on the number of participants who experienced impact.

In the last two years, have you or any member of your immediate family experienced the following as a result of any medical expenses? / Did you or any member of your immediate family experience the following as a result of a hospital bill, specifically?

Consumer Facility Fee Stories - Sierra

ER visit for possible appendicitis. Given an IV with antibiotics and Tylenol. Spent about 5 minutes in exam room with Doctor.

- Total bill was over \$9,000, \$4,605 of which was a facility fee charge. The balance she needed to pay after insurance was \$2,507.
- Confused by the facility fee charge. Was told it's the charge for using the ER.
- Afraid the bill would go to collections. Tried to set up a payment plan. Only option was a six-month payment plan in which she'd pay almost \$500/month. She had some savings but needed that money to go toward her living expenses, like rent.

"I know the medical bill is my responsibility because I received the services, but I would have liked to have had a heads up and some sort of estimate of how much my bill was going to be. That may have altered my choice of going to the ER. If I had known the bill was going to be \$9,000 before insurance, I would have done something differently. Maybe I would have gone to an urgent care."

Consumer Stories: Laura

Knee injury needed prompt attention. Sought care at a hospital walk-in clinic. Seen by a Physician Assistant (PA) who ordered x-rays that were immediately performed across the hall inside the walk-in clinic.

- Received a bill that included a facility fee for the interaction with the PA and another identical facility fee for the x-rays. (Each facility fee was ambiguously labeled “clinic visit” on the bill.)
- Would not have noticed there were two facility fees for the same visit, but the hospital billed her directly for one of the facility fees after Medicare denied that part of the hospital’s claim. (Note: Providers cannot bill a beneficiary for charges denied by Medicare)
- After paying the bill and nearly a year of disputing the charge, she received a refund from the hospital for the duplicate facility fee (check stub stated “a refund as a result of your requested inquiry”).

“As a well-informed consumer, I was aware that a facility fee might be tacked onto my bill although no information was given to me at the time of my visit to this outpatient clinic. What I did not expect was that (the hospital) would charge a facility fee for each service provided during the same visit in the same clinic.”

“Nor did I expect that during at least five phone calls with the hospital’s billing office, they would continue to rebuff (and even hang up) my protestations about the duplicate facility fee and the practice of billing me for charges denied by Medicare. The hospital repeatedly insisted that the charge was correct and told me that Medicare was to blame.”

Consumer Stories: Mike

Trauma to one eye required two emergency surgeries – Follow up surgery provided at a surgery center in Maine. He was in the O.R. for under an hour, never leaving the OR. Doctor completed three distinct procedures. Event was coded as three procedures.

- Received separate bills with three different facilities charges -- same date, and different codes to match the procedures. Facilities charges alone totaled \$7,800 (\$3400 + 2200 + 2200).
- This was on top of the professional fees for those same procedures totaling over \$6,200.

“Even the people generating the bills cannot explain charges... – and nobody could offer a reasonable explanation for why three facilities fee charges were needed for one single surgery event.”

States Action on Facility Fee Issues

States implementing or proposing limits on facility fees:

- Colorado
- Connecticut
- Indiana
- Minnesota
- New Hampshire
- Ohio
- Texas
- Washington.

Some resources

[Facility Fees 101: What is all the Fuss About?](#) Linda J. Blumberg, Christine H. Monahan. Health Affairs Forefront, August 4, 2023

Facility fee charges are becoming more common as hospital systems have [accelerated their purchase of ambulatory settings and practices](#), leading to higher overall costs for outpatient care. Consumers bear the brunt of this, as they face increased out-of-pocket costs as well as higher premiums from these extra charges.

[Policymakers look to curb facility fees in outpatient setting](#) Judith Garber, LOWN Institute, May 17, 2023

Should Medicare pay more for the same service delivered in an outpatient facility when it's owned by a hospital?...facility fees have become a big issue, ...site-neutral payments, a policy change that federal and state policymakers are considering... Taxpayers and Medicare beneficiaries would be the biggest winners.

[State Policies to Address Vertical Consolidation in Health Care](#) National Academy of State Health Policy, August 8, 2020

Like all cost-control efforts, transparency is a first step to shine a light on the practice and put patients on notice that they may receive bills for facility fees due to corporate acquisition. However, transparency alone does not ameliorate the problem of facility fees nor does it shield a patient from incurring a facility fee.

[Patients are getting blindsided by “facility fees,” and state are taking action](#) Markian Hawryluk, ALM/BenefitsPro, April 07, 2023

At least eight states agree such charges are questionable. They have implemented limits on facility fees or are moving to clamp down on the charges.

Ann Woloson, Executive Director awoloson@mainecahc.org

Consumer Assistance Program HelpLine

1-800-965-7476

helpline@mainecahc.org

www.mainecahc.org



**Consumers for
Affordable
Health Care**