

December 18, 2024



Representative Deborah Ferguson, D.D.S.
Immediate Past President
National Council of Insurance Legislators
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Representative Tom Oliverson, M.D.
President
National Council of Insurance Legislators
616 Fifth Avenue, Unit 106
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Dear Representatives Ferguson and Oliverson:

The Blue Cross Blue Shield Association (BCBSA) commends the National Council of Insurance Legislators (NCOIL) for its ongoing work to improve affordability for all Americans. We believe every American deserves high-quality health care that is affordable, equitable, and accessible. To that end, BCBSA supports the Improving Affordability for Patients Model Act.

BCBSA is a national federation of independent, community-based and locally operated Blue Cross and Blue Shield (BCBS) companies (Plans) that collectively cover, serve and support 1 in 3 Americans in every ZIP code across all 50 U.S. states and Puerto Rico. BCBS Plans contract with 96% of hospitals and 95% of doctors across the country and serve those who are covered through Medicare, Medicaid, an employer, or purchase coverage on their own.

Health care costs continue to grow to unreasonable levels, threatening affordability for American families and businesses. The reason for this affordability crisis is clear — the alarming rise in prices for hospital care and prescription drugs. BCBS companies are working to advance commonsense solutions that can make a meaningful impact to improve care and lower costs for every American family.

BCBSA is committed to enacting policies that promote fair and transparent billing practices, and the NCOIL model is a critical solution to prevent potential overpayments to providers and more costs for patients. According to a study conducted by the Health Care Cost Institute, from 2018-2022, total health care spending grew by 19% (14% was attributed to price growth, and 4% was attributed to utilization growth). The research also found that price growth varied by service and product (35% for prescription drugs, 18% for outpatient services, 16% for professional services, and 6% for inpatient services). Over the same time period, out-of-pocket spending grew by 8%.¹

BCBSA's analysis of BCBS commercial claims data from 2017-2022 found that prices for a set of common outpatient services (i.e., cataract surgery, chest X-ray, clinic visits, colonoscopy (diagnostic and screening), ear tympanostomy and mammography) delivered in hospital outpatient departments (HOPDs) are significantly higher — often five times more expensive — than when provided in an independent physician's office. The study also found that prices for these services, when provided in HOPDs,

¹ Health Care Cost Institute. 2022 Health Care Cost and Utilization Report. April 2024. Available [Here](#).

increased faster each year when compared to charges at physician offices and ambulatory surgical centers.²

The Improving Affordability for Patients Model Act includes two key solutions to protect patients by addressing this trend of higher costs in HOPD settings:

- *Banning the collection of facility fees for services that do not warrant additional fees, such as those performed at off-campus HOPDs and for telehealth services.* BCBSA believes that reining in unreasonable fees is an important state action to help lower health care costs for consumers. While hospital facility fees are intended to cover the higher costs associated with operating hospital emergency and high-intensity care departments, facility fees have become more expensive and increasingly are billed for routine services at smaller clinics and outpatient centers owned by a hospital or health system.³ From 2004 to 2021, facility fees grew 531%, which was four times higher than the growth rate for professional fees for evaluation and management (E/M) services provided in emergency departments.⁴ Limiting facility fees will lower out-of-pocket costs and premiums for individuals, families and employers.
- *Requiring each off-campus location of a health care facility to apply for, obtain and use a unique National Provider Identifier (NPI) that is distinct from a facility's main campus and other off-campus location on all claims.* BCBSA believes it is essential that HOPDs use unique NPIs to allow health plans to differentiate between hospital and non-hospital settings and apply the correct payment rates and patient cost-sharing. Applying this simple billing standard will directly lower patients' out-of-pocket costs and ensure HOPDs are paid the negotiated price.

BCBSA appreciates NCOIL's work to promote health care affordability through this model act. If you have any questions, please feel free to contact Randi Chapman, managing director of state affairs, at Randi.Chapman@bsbcsa.com.

Sincerely,



Clay S. McClure

Executive Director, State Affairs
Blue Cross Blue Shield Association

² Blue Cross Blue Shield Association. Costs for Common Health Care Procedures Significantly Higher When Performed in Hospital Outpatient Departments. September 2023. Available [Here](#).

³ STAT. States Increasingly Look to Regulate Hospital Facility Fees. July 2023. Available [Here](#).

⁴ Peterson-KFF Health System Tracker. How Do Facility Fees Contribute to Rising Emergency Department Costs? March 2023. Available [Here](#).