I am writing to voice my concern over the proposal to set fee schedule reimbursement amounts for services rendered by out-of-network providers. Setting pre-determined payment rates interferes with the private negotiation process between payers and providers and can have significant unintended consequences. Providers who have accepted lower reimbursement amounts in exchange for increased volume / directing patients to in-network care could leave the network to be paid the higher rates. On the opposite side, providers who have negotiated higher reimbursements could be cut out of networks as insurers try to save money by paying them the out-of-network rates. A better option is the national standard that Congress adopted, which maintains the ability for providers and health plans to negotiate, with a baseball-style arbitration process for making a final decision if the two are unable to come to agreement. While both strategies help protect patients from large and often unexpected cost sharing responsibilities, the arbitration option preserves the current give and take between providers and insurers and increases the likelihood that providers are fairly compensated for their services. Additionally forced negotiation should lead to increased provider participation in insurance products as both insurers and providers try to decrease the administrative hassle of arbitration on a case by case basis.

The other problem with the fixed fees, especially at the ones proposed at a low mark up over Medicare*, is that many of the non-participating providers are hospital based groups that hospitals depend on to be able to provide services to the patients in their communities. These specialty groups must staff sufficient numbers of providers to safely provide care and coverage at the hospitals, but do not have any control over the volume of services rendered (and therefore the revenue the group generates). They often look to the facilities to subsidize their practices, a subsidy that will only increase if they are forced to accept lower payment rates from insurers. Hospitals could be put in the position to decrease or eliminate services offered as the cost of providing the services increases.
I highly recommend modeling a Massachusetts solution to patient cost sharing for services rendered by non-participating providers after the federal No Surprises Act or even waiting until the No Surprises Act is fully implemented and evaluated before taking any further action in Massachusetts.

Thank you for your consideration,

Amy Pfeffer
CFO
Sturdy Memorial Hospital