



Texas Association of Health Plans
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Dear Chairman Oliverson and Members of the House Insurance Committee

As the statewide trade association representing health insurers, HMOs, Medicaid managed care, and other health plans that serve over 20 million Texans, the Texas Association of Health Plans (TAHP) is committed to ensuring that Texas families and employers have access to affordable, comprehensive, and high-quality coverage.

TAHP is opposed to HB 3848 as filed but would be neutral with the addition of surprise billing protections and assurances that network adequacy waivers would be available in the event that contracting at affordable market rates is not possible.

Texans are currently protected from surprise billing for hospital and physician services through SB 1264 (86th) and the federal No Surprises Act. However, there are no existing protections for ambulance surprise billing under state or federal law. Although strengthening ambulance network adequacy may have some benefits, it fails to address the root problem of surprise billing or balance billing. In fact, evidence shows that simply strengthening a state's regulatory standards for network adequacy does not protect patients from surprise medical billing. States with the strongest standards for network adequacy often had the highest rates of surprise billing prior to the federal No Surprises Act, as was the case in Texas before the passage of SB 1264. Despite adopting the most stringent network adequacy standards in the country, Texas had some of the [highest rates of surprise billing](#) in the nation, [if not the highest](#).

Instead Texas' efforts to adopt more stringent network adequacy standards without meaningful surprise billing protections backfired, resulting in higher prices for patients. Providers remained out of network unless health plans agreed to pay them excessive rates, which increase prices and the rate of surprise billing. As a result, in the four years leading up to the Texas surprise billing law, ER prices almost doubled, from 400% of Medicare rates to 900%. During this time, 44% of ER claims were out-of-network in the state.



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We are concerned that reverting to a model of network adequacy requirements without surprise billing protections will not address the significant surprise billing problem with ambulance services and will instead result in higher out-of-network prices. The evidence from Texas shows that adopting network adequacy standards without surprise billing protections only hurts patients by resulting in higher prices, higher premiums, and higher out-of-pocket costs. Any protections put in place should focus on protecting patients from both surprise billing and higher prices.

Patients are balance billed for ambulance services at double the rate of the second leading source of balance bills (ER physicians) according to a study in the [Journal of the American Medical Association](#). One study in [Health Affairs](#) found that 71% of all ambulance rides are out-of-network, leading to a potential surprise bill. This is an industry that may have a significant amount of providers operating out-of-network by choice—not as a result of contract disputes. According to [another study](#), 39% of specifically non-emergency ground ambulance rides included an out-of-network charge for ambulance-related services.

These rates of out-of-network billing indicate that a large segment of the ambulance industry does not intend to contract. TDI attempted to study surprise billing issues with ambulance providers and had difficulty even getting providers to respond to a survey. According to the agency: “In November 2021, TDI and DSHS announced the 2019-2020 ground ambulance billing practice survey to licensed providers. Responses were initially due to TDI by February 2022. During the response period, TDI and DSHS sent additional reminders and extended the due date twice to increase the response rate. Despite these efforts, **fewer than half of all providers responded.**”

Texas has ample evidence that network adequacy alone is an incomplete consumer protection and does not protect patients from surprise medical billing. By adding surprise billing protections, we can ensure that patients will not be left with an unexpected bill.

Sincerely,

M. Blake Hutson

Blake Hutson

Texas Association of Health Plans