



May 25, 2017

Senator Paul Sarlo
Chair Senate Budget Committee
New Jersey State House
Trenton, New Jersey, 08608

Dear Senator Sarlo,

We are writing to address concerns about the May 16th exchange between you and Treasurer Scudder concerning the Governor's budget proposal on savings projected from out-of-network billing reforms. For the reasons outlined below, more transparency in the service and billing process, while needed, does not in and of itself adequately protect consumers from these unfair and anti-consumer practices.

For the past two years NJ For Health Care members and allies have been working to pass the Out-of-Network Consumer Protection, Transparency, Cost Containment and Accountability Act (S1285) and secure much needed comprehensive consumer protections against surprise medical bills. Every year approximately 168,000 consumers are directly billed for *involuntary* out-of-network services they receive at an in-network facility or in an emergency room.¹ But that is not the full story. The practice affects the state's five million privately insured health care consumers, who pay higher premiums as a result of this billing practice. New Jersey Policy Perspective's research finds that the added cost to consumers statewide is as much as *\$1 billion dollars* every year. The State Health Benefits Plan is also spending tens of millions of dollars every year to cover the cost of these high *involuntary* out-of-network charges for its beneficiaries, costs that impact all New Jersey taxpayers.

On a number of occasions you have indicated your support for a solution that will remedy this issue, including legislation you proposed that would codify existing protections and cap payments for out-of-network services. S1285, the bill we anticipate will be considered on June 1 by the Senate Budget Committee, offers a comprehensive solution to the problem of involuntary out-of-network bills. It would expand protections to more consumers through an opt-in provision for self-funded plans, increase network and price transparency for all health care consumers, and establish a fair dispute resolution process that incentivizes reasonable payments on the part of providers and payers. Collectively, these provisions will help bring down health care costs and ensure health care consumers are fully protected from involuntary out-of-network charges over which they exercise no choice or control. A transparency only bill would further exacerbate the problem and punt responsibility for a comprehensive solution to others down the road.

As organizations representing New Jersey consumers, business and industry, and labor we urge you and Senate leadership to support a comprehensive solution to surprise medical bills and post S1285 for a hearing and vote on June 1, 2017.

Thank you for your consideration of this important consumer protection bill.

Respectfully,

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New Jersey Appleseed

New Jersey Business & Industry
Association

New Jersey Association of Mental Health
and Addiction Agencies, Inc.

AARP New Jersey

New Jersey Policy Perspective

Anti-Poverty Network

Statewide Parent Advocacy Network

Arthritis Foundation

Working Families Alliance

Blue Wave New Jersey

Consumers Union

CWA Local 1037

ⁱ New Jersey Policy Perspective, [*Time for Affordability: How Involuntary Out-of-Network Medical Bills Harm New Jersey Consumers*](#), June 2016.

CWA Local 1081

Family Voices NJ

HPAE

La Casa de Don Pedro

Lutheran Episcopal Advocacy Ministry of
New Jersey

National Association of Social Workers,
New Jersey Chapter

National Council on Alcoholism and Drug
Dependence – NJ

National Multiple Sclerosis Society

National Patient Advocate Foundation