

EMERGENCY CARE COST Crisis in Texas

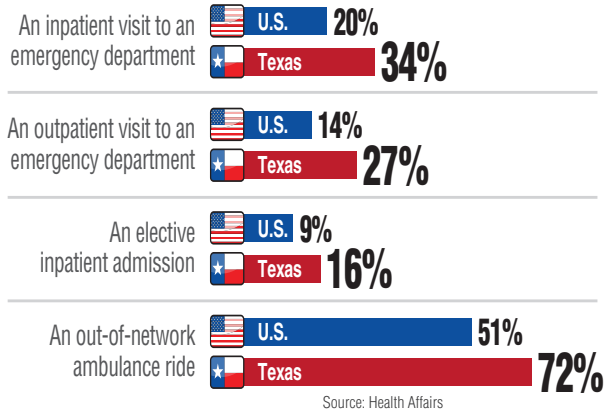
Across the nation states are experiencing a serious market failure in emergency care and perhaps nowhere greater is that crisis than in Texas.

Texas is GROUND ZERO for High ER Bills, Surprise Bills and Out-of-Network ER Care:

- Some of the highest rates of out-of-network ER physicians: **50%** of ER physician claims are out of network
- Some of the highest rates of surprise billing in the U.S. – McAllen, TX has seen **89%** surprise billing rates
- Some of the highest emergency care costs: Texas ER spending by a major health plan is **67%** more expensive than the rest of the nation
- The average ER facility charge in Texas is **36%** higher than the rest of the country
- Highest rates of freestanding ERs: **Over 200 FSEs** in Texas – more than half nation’s total population of freestanding ERs
- Double digit growth in ER costs per year (over **12%**)
- Texans use emergency departments **22%** more than the rest of the country

In 2014, Nearly 1 in 5 Inpatient Admissions to an ER Resulted in a Surprise Bill. The Texas Frequency is Much Higher!

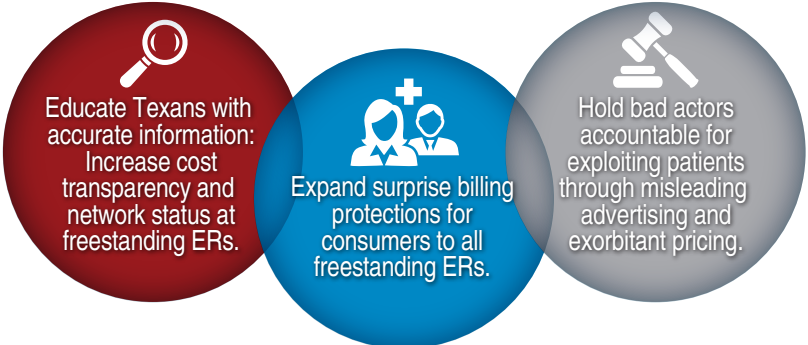
The likelihood of receiving a surprise bill from an ER visit:



Nationwide, about 1 in 5 inpatient admissions to an emergency department led to a surprise bill in 2014 and roughly 5% were because an ambulance took the patient to an out-of-network hospital. The frequency in Texas was MUCH HIGHER than the national average.

Solutions to Address the Emergency Care Crisis

The growing occurrence of exorbitant surprise medical bills and out-of-network ER care in Texas is the direct result of a serious market failure in emergency care. Expanding the use of mediation for consumers, boosting transparency at freestanding ERs, holding bad actors accountable, and keeping the government out of the price-setting business are the keys to achieving private-market solutions to emergency care cost crisis in Texas.



Surprise Billing: A Texas-Sized Problem

*Mediation is limited but working in Texas
and should be expanded to all emergency care*



Every 2 Years **250,000** Texas Patients Get Surprise Medical Bills

Source: Center for Public Policy Priorities, February 2017

Seeking ER Care in Texas: Out of Network & Out of Luck

**Out of 300
In-network Hospitals
there are
ZERO
In-network
ER Doctors Available!**

Source: CPPP

Mediation is Working to Protect Texans from Surprise Billing

**Texans Have Challenged
\$6 Million in Surprise
Medical Bills Since 2015**



Source: Texas Department of Insurance

Note: A "balance bill" is the second bill a consumer receives from an out-of-network provider. These often come as a surprise to the consumer who has already paid the coinsurance and copay. Since 2015, consumers have challenged \$6M in surprise medical bills through mediation. Through this process, consumers saved more than \$5M in expensive surprise medical bills, and insurers were required to pay an additional \$750K to providers, which is only 12.5 percent of the total amount of surprise bills that consumers challenged. Mediation is working, but is limited. Under current law, there is no mediation protection for freestanding ERs. Mediation needs to be expanded to all emergency care including FSERs.

Freestanding ERs: Buyer Beware!

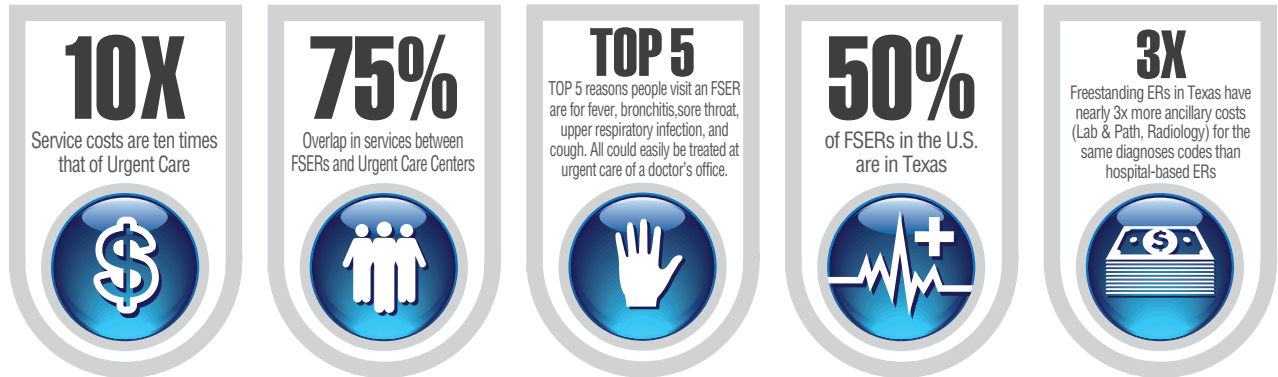
Current law gives Texans no protections against surprise bills and exorbitant bills at freestanding ERs

Freestanding ERs (FSERs) Look like urgent care centers, but may charge **10X MORE** than urgent care centers and **2X MORE** than a traditional hospital-based ER

They're expensive • They mislead patients • They are likely not in your health plan network – by choice

Lucrative new business model that may only need to see 12 patients a day to turn a profit

Texas is **GROUND ZERO** – more than 200 FSERs call Texas home – that's more than half of the nations total population of FSERs



Sources: "Utilization Spot Analysis: Free Standing Emergency Departments," Center for Improving Value in Health Care, July 2017; "Where Do Freestanding Emergency Departments Choose to Locate? A National Inventory and Geographic Analysis in Three States," Annals of Emergency Medicine 2016; and Major Texas Insurer Health Claim Data

Freestanding ERs – More Expensive Than Urgent Care & Traditional ER

Freestanding ERs Charge \$3K For A Cough?!?!

There is nothing "free" about your neighborhood freestanding ER. Freestanding ERs charge up to 10X more than urgent care centers for the same services.

FREESTANDING ER	VS.	URGENT CARE CENTER
\$2,994	Bronchitis	\$167
\$3,340	Fever	\$180
\$2,562	Sore Throat	\$154
\$2,331	Upper Respiratory Infection	\$156
\$3,044	Cough	\$180

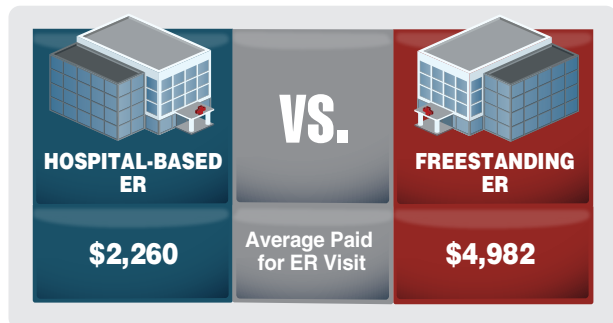
Source: Health Claim Data From Major Texas Insurer

THEY'RE EXPENSIVE

Texas Taxpayers Footing the Bill for Freestanding ERs

Freestanding ERs Are Driving Up Costs!!!

State Employees' Use of Expensive Freestanding ERs Up Dramatically in 2016



Source: Employees Retirement System of Texas

Freestanding ER Web Sites Intentionally Mislead Consumers, Telling Them: “We Accept Your Insurance”

Many Texas freestanding ER web sites use intentionally confusing language to mislead consumers into believe they are in-network with their insurance plans. “We accept all insurance” is NOT the same as “we are in your network.”

Real Example of Misleading Advertising on a Texas Freestanding ER Web Site.

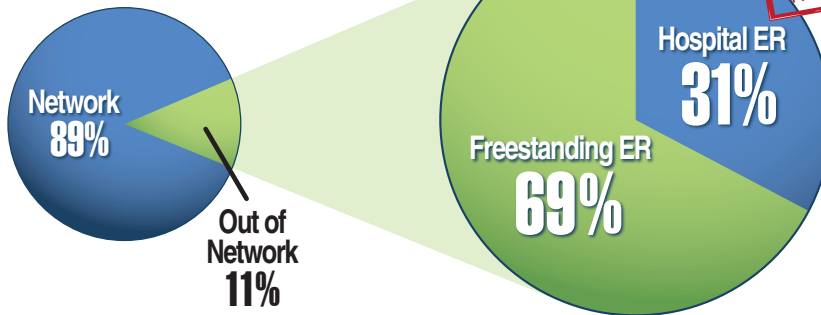
“All Health Insurance Plans Accepted. We honor in-network billing for all private health insurance plans including: Aetna, UnitedHealth, Humana, Cigna, and Blue Cross Blue Shield.”

THEY MISLEAD PATIENTS

Independent Freestanding ERs are Chronically Out of Network

Texas Out of Network Emergency Facility Claims: 2015

2015 Texas ER Facility Claims: Network vs. Out of Network



THEY'RE NOT IN YOUR HEALTH PLAN NETWORK

TAHP Out-of-Network Claims Survey and Analysis of Three Large Texas Health Plans: 2015 Claims; May 2016

Freestanding ERs are responsible for nearly 70% of out-of-network ER facility claims in Texas.

