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Academy Offers Objective Actuarial Perspective on Surprise Medical Billing

WASHINGTON—As the national debate over addressing “surprise billing” of patients continues to unfold, the American Academy of Actuaries is offering an objective actuarial perspective on the financial consequences and considerations involved in proposed public policy solutions to the problem in a new issue brief.

“Policymakers who have put forward solutions generally agree with an approach of basic protections that should be offered to patients to prevent them from bearing the costs of unexpected balance-billing,” said Academy Senior Health Fellow Cori Uccello, a member of the Academy’s Health Practice Council, which authored the issue brief, [*Surprise Medical Bills: An Overview of the Problem and Approaches to Address It*](#). Most surprise-billing proposals would hold consumers harmless by prohibiting balance billing and basing patient cost-sharing on in-network cost-sharing requirements.

Much of the policy debate surrounds how insurers would pay providers and how different approaches would affect health insurance premiums and patient access to care. “These approaches should also be assessed by whether they would help address the underlying market failures that led to the surprise-billing problem in the first place,” said Uccello.

Two main approaches have emerged: a benchmark-rate approach and arbitration. The Academy explains that if a payment benchmark is set below the average in-network rate, it could lead to lower provider payments and premiums and could increase the incentives for out-of-network providers to join a network. Arbitration could put downward pressure on provider rates, but it is administratively burdensome and could result in even higher provider rates if providers increase charges to put themselves in a better bargaining position.

(MORE)

Read the [issue brief](#) and learn more about the Academy’s work on surprise billing and other health policy issues under the “Public Policy” tab at actuary.org.

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The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.