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**Analysis of
Division of Consumer Services
Balance Billing Complaints for
Major Medical Insurance**

**Office of the Insurance Consumer Advocate
State of Florida**

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EXECUTIVE SUMMARY

Balance billing is the practice of a medical provider expecting payment from a patient for a shortfall in reimbursement by an insurer. For example, if a doctor's bill is for \$25,000, and the insurance company only pays \$15,000, the balance billing amount would be \$10,000.

Balance billing is a rapidly growing problem in Florida. The number of balance billing complaints filed with the Florida Division of Consumer Services on Individual Major Medical, Group Major Medical, and Self Insured Plan insurance policies increased from 146 in 2007 to 268 in 2008 or from 3.9% to 6.3% of total major medical plan complaints.

Based on a sampling of major medical insurance plan balance billing complaints, it is estimated that: 1) the average balance billed amount in Florida over the last 5 years resulting in a consumer complaint was \$10,551, and 2) approximately 70% of all balance billing was done for emergency services.

HMO plans are not allowed to balance bill both by contract and by Florida Statute. Additionally, it is illegal for health care providers who accept Medicare to practice balance billing. However, health care providers who do not accept Medicare can bill up to 15 percent above the Medicare allowance.

In most states, including Florida, preferred provider plan (PPO) providers who are "in-network" are prohibited by contract to engage in balance billing. However, out-of-network providers are usually free to balance bill.

ANALYSIS

Percentage of Balance Billing Complaints

An analysis of complaints identified as balance billing complaints indicates that such complaints nearly doubled between 2007 and 2008 and comprised 6.3% of total major medical insurance complaints in 2008, as shown in the following table:

Office of the Insurance Consumer Advocate
Balance Billing Complaints
Major Medical Insurance

	2004	2005	2006	2007	2008	Total
Balance Billing Complaints	119	76	101	146	268	710
Total Complaints	4,627	3,265	2,658	3,711	4,282	18,543
% Balance Billing Complaints	2.6%	2.3%	3.8%	3.9%	6.3%	3.8%

In Florida not all major medical plans and self insured plans incorporate PPOs. Because of limitations in the Division of Consumer Services classifying of major medical policy complaints (there is no separate coding for PPO complaints), it was necessary to assume in this analysis that all major medical insurance and self insured plan policies are subject to balance billing (i.e. incorporate PPOs) even though some major medical and self insured plans do not incorporate PPOs. The effect of this assumption is to understate in the above table the actual percentage of complaints that are balance billing complaints for PPO plans.

The Insurance Consumer Advocate acquired a database of 44,517 health insurance complaints filed with the Division of Consumer Services in the five calendar years 2004 through 2008. The Division of Consumer Services classified these complaints by policy type as follows:

Office of the Insurance Consumer Advocate
Health Insurance Complaints
2004 - 2008

Type of Policy	Number of Complaints	%
Accident & Health - Other	6,286	14.1%
Accident Only	342	0.8%
Cancer	288	0.6%
Credit Disability Income	257	0.6%
Dental	1,707	3.8%
Disability Income	1,723	3.9%
Federal Programs	428	1.0%
HMO - Ind/Group	5,881	13.2%
HMO - Medicaid	220	0.5%
HMO - Medicare	2,607	5.9%
HMO - TPA	114	0.3%
Hospital Indemnity	407	0.9%
Long Term/Home Health Care	2,925	6.6%
Major Medical Group	9,281	20.8%
Major Medical Individual	6,757	15.2%
Medicare/Medicaid	1,831	4.1%
MEWAs	58	0.1%
Nursing Home	45	0.1%
Out-Of-State Group	855	1.9%
Self Insured Plans	2,505	5.6%
Grand Total	44,517	100.0%

The Division of Consumer Services does not separately identify balance billing complaints for major medical insurance plans. Consequently, these complaints were identified by conducting a keyword search of the comments section of each complaint. The comments section can be as short as one or two sentences or as long as several paragraphs. The keywords searched for were “balance billing” and “out-of-network” and spelling variants of these words.

It was assumed that complaints identified with the keywords “out-of-network” were balance billing complaints. Based upon a review of a sample of complaints containing the keywords “out-of-network” but not the keywords “balance billing”, this assumption appears to be valid for nearly all of these complaints.

It is believed that this is true because a consumer typically will not complain about a planned “out-of-network” service that was billed as expected. It is believed that a consumer is much more likely to complain when balance billed for an unanticipated out-of-network charge.

Dollar Amount and Source of Balance Billings

The Division of Consumer Services does not separately identify the dollar amount or medical providers responsible for balance billing. Consequently, the dollar amounts and medical providers responsible for balance billing were identified by conducting a keyword search of the comments section of each balance billing complaint.

The keywords searched were “radiologist”, “anesthesiologist”, “pathologist” and “emergency” and spelling variants of these keywords. It is generally recognized that providers associated with these specialties are usually responsible for balance billing. It was assumed in this analysis that if a complaint contained the keyword “emergency” and also one of the other keywords (“radiologist”, “anesthesiologist” or “pathologist”) that the complaint was an “emergency” complaint.

Dollar amounts were identified in the same way by searching for dollar signs in the comments section. Not all balanced billing complaints had a provider or dollar amount that could be identified. Nevertheless, enough complaints did contain this information to estimate the following: 1) the average balance billed amount in Florida over the last 5 years resulting in a consumer complaint was \$10,551, and 2) approximately 70% of all balance billing was done for emergency services.

EXHIBITS

Attached is a sample of 250 balance billing complaints used in the preparation of this report.

