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Association of American Physicians and Surgeons, Inc.
A Voice for Private Physicians Since 1943
Omnia pro aegroto

May 13, 2019

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

The Association of American Physicians and Surgeons (AAPS) appreciates your concern that patients need to know honest prices, and that bills should be reasonable. I think you also understand, as a businessman, the need to receive fair market value for goods and services rendered if these items are to be available.

"Surprise billing"—of outrageous amounts—makes an effective emotional appeal but does not accurately describe proposed legislation to impose price controls on physicians and to enable insurers to avoid paying a fair market price.

The basic problem, in our view, is the existence of "networks" of "providers" with whom the health plan has contracted. In the days of indemnity insurance, subscribers could collect a contractually agreed amount and spend it as they chose. There was no reason for networks. Free-market competition kept prices down. Take note of the prices posted at surgerycenterok.com. These are far lower than at many "non-profit" (tax-exempt) hospitals. They have been adjusted four times—always downward.

Today, managed health plans promise unlimited payouts for all "necessary" services, but only pay for "providers" in their increasingly narrow networks. If they do pay for out-of-network services, the amount is whatever they choose, and physicians bill patients for the balance. Very often, patients must meet a separate, higher deductible before the plan pays anything.

Physicians may be kept out by the plans because they provide costly services (such as cancer treatment), or physicians may decline to accept the plan's terms. This may be because the allowed fee does not even cover costs, because the administrative burdens are costly and onerous, and/or because the plan imposes constraints that prevent physicians from offering the best care.

Hospitals frequently cannot fill their “on-call” schedules with in-network physicians. In emergent situations, there is often no in-network “provider” available. Physicians have no bargaining power with these gigantic plans. The contract is a take-it-or-leave-it contract of adhesion. So, to stay in business and offer quality care, physicians stay out of network. If plans are allowed to dictate prices and government forbids balance billing, plans will be dictating what services patients will be able to receive.

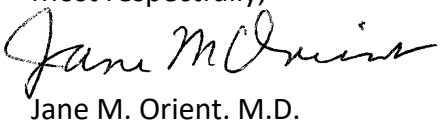
Price controls always cause shortages. Just as rent control causes a shortage of apartments, prohibiting free market billing for medical care causes physicians to retire early, work fewer hours, or provide less charity care. This leaves patients worse off.

There are examples of outrageous bills, almost all from hospitals that bill uninsured patients at chargemaster rates. Such bills are rarely paid. This practice greatly inflates the claimed losses, to maintain the hospitals’ tax exemption and to increase government reimbursements for “uncompensated” care (disproportionate share hospital payments, DSH). Widespread lack of meaningful transparency prevents patients from finding out what things really cost—including what the plan or the hospital paid the in-network physician.

The rare problem of a physician’s bill that is genuinely not warranted does not justify subjecting all physicians to payment terms that they would not voluntarily accept. Such a law protects the managed-care cartel from competition from free-agent physicians. Insurance companies want the price controls to avoid their own obligations. Enriching insurance companies does not help patients and will result in even more oppressive contract terms in the future, with patients paying the price of poor access to poorer-quality service.

Please support voluntary arrangements that protect patient access to the medical care of their choice.

Most respectfully,



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