

## Measure Background

Patients are increasingly being asked to pay a greater share of their own medical costs, which can strain a household's budget. A 2021 analysis using data from the Survey of Income and Program Participation (SIPP) found that 20 million people, nearly 1 in 12 adults, owed medical debt, with total debt estimated at \$220 billion. Among them, 14 million (6% of adults) owed over \$1000, and 3 million (1% of adults) had more than \$10,000 in medical debt.<sup>1</sup>

High medical prices and billing practices may reduce public trust in the medical profession and can result in the avoidance of care. In a survey of 1000 patients, 64% reported that they delayed or neglected seeking medical care in the past year because of concern about high medical bills.<sup>2</sup>

## Billing Quality is Medical Quality

Billing ethics as a measurable quality of care construct was articulated in a 2020 JAMA article by Drs. Simon Mathews and Marty Makary, who argued that "billing quality is medical quality." The authors proposed metrics of quality of care including price transparency, itemized billing, and whether facilities sue their patients for unpaid medical bills.<sup>3</sup> These metrics are intended to assess the potential for financial harm to patients, and as a second-order consequence, access to care.

## An Evolving Landscape

In response to unethical billing practices by health care facilities, federal and state policymakers and media attention are working to drive a rapid evolution this landscape.

At the federal level, effective January 1, 2022, the [No Surprises Act](#) took effect, which among other provisions specifies that health plans must cover bills for emergency services at in-network rates and out-of-network provider bills for services at in-network facilities. It also prohibits balance billing without prior written notice to patients, and their consent. At a state level, Maryland passed the [Medical Debt Protection Act](#) limiting payment plans to no more than 5% of a patient's income, and prohibiting suits against patients who would qualify for charity care, among other new consumer protections.

## Leapfrog's Billing Ethics Standard

Leapfrog scores and publicly reports ASCs on their billing practices. ASCs achieving Leapfrog's Billing Ethics standard do all the following:

1. Provides EITHER payer-specific negotiated charges or cash prices on their website for commonly performed procedures
2. Provides every patient a billing statement either by mail or electronically (via email or the patient portal) within 30 days after all insurance payments have been completed (or from date of service for patients without insurance) that includes all ten of these elements:
  - a. Name and address of the facility where billed services occurred
  - b. Date(s) of service
  - c. An individual line item for each service or bundle of services performed
  - d. Description of services billed, including facility fees, that accompanies each line item or bundle of services
  - e. Amount of any principal, interest, or fees (e.g., late or processing fees), if applicable
  - f. Amount of any adjustment to the bill (e.g., health plan payment or discounts), if applicable
  - g. Amount of any payments already received (from the patient or any other party), if applicable
  - h. Instructions on how to apply for financial assistance, if applicable
  - i. Instructions in the patient's preferred language on how to obtain a written translation or oral interpretation of the bill
  - j. Notification that physician services will be billed separately, if applicable
3. Provides instructions to patients on how to contact a billing representative with:
  - Access to an interpretation service to communicate in the patient's preferred language, **and**

- Authority to do all of the following within 10 business days of being contacted by the patient or patient representative:
  - i. Initiate an investigation into errors on a bill
  - ii. Offer a price adjustment or debt forgiveness based on facility policy
  - iii. Offer a payment plan
- 4. Does **NOT** take legal action against patients for late or insufficient payment.

Download the complete scoring algorithms document on the [ASC Scoring and Results webpage](#).

## Why Purchasers Need to Get Involved

Using their leverage as purchasers, employers can recognize and reward ASCs that have implemented The Leapfrog Group's standards on ethical billing practices. Purchasers and payors can promote dialogue about billing ethics by educating patients and calling attention to the importance of choosing surgery centers that provide transparent pricing information, offer complete billing statements, access to billing representatives who can promptly address their concerns, and ASCs who decline to sue patients for non-payment. Importantly, purchasers can continue to apply pressure on ASCs to be transparent about their billing practices, including their compliance with new and evolving federal and state regulations.

## References

1. Health System Tracker. The burden of medical debt in the United States. Health System Tracker website: <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>
2. Heath S. 64% of patients avoid care due to high patient healthcare costs. Patient Engagement HIT website. <https://patientengagementhit.com/news/64-of-patients-avoid-care-due-to-of-high-patient-healthcare-costs>. Published February 2018. Accessed November 1, 2019.
3. Mathews SC, Makary MA. Billing quality is medical quality. JAMA. 2020;323(5):409-410.