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Consumers' Responses to Surprise Medical Bills in Elective Situations

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Abstract

Today, you often hear stories of patients who visit an in-network hospital and still receive a large medical bill because one or more providers involved in their care was out-of-network. Although this phenomenon of “surprise billing” has become common, no research has examined how consumers respond to surprise bills and alter their health-seeking behavior. In our new study in *Health Affairs*, we investigate how mothers respond to receiving a surprise medical bill after delivering their first child. We find that patients respond to surprise medical bills the same way they respond to bad meals at restaurants: by switching to another facility the next time they need services. Mothers who received a surprise out-of-network bill for their first delivery had 13% greater odds of switching hospitals for their second delivery compared to those who did not get a surprise bill.

Keywords

Surprise medical bills, labor and delivery, consumer response

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CONSUMERS' RESPONSES TO SURPRISE MEDICAL BILLS IN ELECTIVE SITUATIONS

The Case of Labor and Delivery

Benjamin Chartock, Christopher Garmon, and Sarah Schutz

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WHAT IS A SURPRISE BILL?

A surprise medical bill is a bill from an out-of-network provider that was not expected by or not chosen by the patient. For example, a patient could choose an in-network surgeon to perform an elective procedure at an in-network hospital, but may be treated by an out-of-network anesthesiologist and be liable for the bill. Although some states have enacted laws to protect consumers from these costly or unexpected bills, no research has measured how they respond to receiving one.

To see whether consumers are more likely to switch hospitals after receiving a surprise bill, the authors analyzed nationwide employer-sponsored health insurance claims for labor and delivery services (the most common elective treatment for this population). A surprise billing situation was an inpatient episode where the hospital was in-network, the primary care doctor was in-network or not designated, and at least one other provider involved in the patient's care was out-of-network.

Eligible mothers:

- ▶ Exactly two births between 2007-2014
- ▶ One of four most common labor and delivery procedures
- ▶ Did not switch Metropolitan Statistical Areas (MSAs) between births
- ▶ More than one choice of hospital within their MSA

FINDINGS

Do women who receive a surprise bill for a first delivery choose another hospital for their second delivery?

63,630
WOMEN

11%
RECEIVED A SURPRISE BILL FOR FIRST DELIVERY

These mothers had **13%** higher odds of switching hospitals for their second delivery than those who were not surprise billed

19%
SWITCHED HOSPITALS FOR SECOND DELIVERY

These mothers had a **56%** lower risk of receiving a surprise bill for their second delivery than mothers who did not switch hospitals

IMPLICATIONS

- ▶ For **patients**, switching hospitals may be an optimal response to receiving a surprise bill in certain circumstances, since those who switched were less likely to receive another surprise bill
- ▶ **Policymakers** should consider laws that protect patients from unavoidable out-of-network medical bills
- ▶ **Insurers** and **providers** should consider aligning network status so that a facility, specialists who practice there, and ancillary services are all in the same network
- ▶ To increase patient satisfaction and retention, **hospital managers** should take steps to decrease patients' odds of receiving a surprise bill