



July 10<sup>th</sup>, 2019

Wayne A. Smith  
President & CEO

The Honorable Lisa Blunt Rochester  
1519 Longworth House Office Building  
Washington, DC 20515

**Re: House Energy and Commerce Committee Mark-Up July 11<sup>th</sup>, 2019 –  
Surprise Billing**

*Alfred I. duPont Hospital  
for Children*  
Roy Proujansky, MD,  
Chief Executive of  
Nemours Delaware  
Valley Operations

*Bayhealth*  
Terry Murphy,  
President & CEO

*Beebe Healthcare*  
Rick Schaffner, RN  
Interim President & CEO

*Christiana Care Health  
System*  
Janice E. Nevin, M.D.  
MPH  
President & CEO

*Nanticoke Health Services*  
Steven A. Rose, RN, MN  
President & CEO

*Saint Francis Healthcare*  
Daniel Sinnott  
President & CEO

*Delaware Healthcare  
Association*  
Wayne A. Smith  
President & CEO

Dear Representative Blunt Rochester,

Thank you for your interest in our opinion regarding the soon to be marked up legislation designed to address surprise medical billing.

In summary:

**Proposals to artificially set reimbursement rates in out-of-network billing instances will unbalance market negotiations between providers and payers.** Any set rate will serve as a ceiling as no payer will have incentive to pay above that rate. This would have negative repercussions for many providers, as well as impair the access to high quality comprehensive health services enjoyed by your constituents, particularly those located in more rural areas as noted by the American Hospital Association.

You have witnessed the negative effects on access caused by low reimbursement rates in Delaware and our region. Hahnemann University Hospital in Philadelphia recently announced its closure due to reimbursement pressures. In Delaware, low reimbursements by payers have led to one hospital affiliating with a Maryland health system as well as one Delaware health system acquiring a hospital in nearby Maryland.

It cannot be strongly emphasized enough that this type of rate setting by fiat runs counter to the movement health care systems and payers are undertaking toward value-based reimbursements. Value base reimbursement agreements are negotiated at arms-length between providers and payers and shift risk toward providers as a way to focus on the long-term health of populations. Adoption of any type of rate benchmark or median or mean reimbursement rate for out of network cases creates an artificial barrier to the types of value based agreements Congress, the Administration, health care providers and payers are pursuing and that your constituents and our neighbors need to focus on value in the health care system.

**Ideally, Congress should require payers and providers to negotiate out of network billing and reimbursement structures** that relive the patient from getting surprise out of network bills for procedures where time constraints or provider sourcing do not allow for real provider choice by the patient. All of our Delaware Healthcare Association members support this ideal solution.

**A preponderance of our members support arbitration requirements as the least injurious alternative** now actively being considered by your committee and the Senate committees of jurisdiction. We also strongly favor any legislation along these lines include an opt-out for states who implement their own arbitration regimes to address instances of surprise billings.

Thank you for your consideration and as always, we appreciate your interest in understanding the views of Delaware's health care providers who continue to serve all Delawareans in these challenging times.

Sincerely,



Wayne A. Smith  
President & CEO

