



DATA BRIEF NO. 43 | JULY 2019

## One-Third of Privately-Insured Virginia Residents Receive Unexpected Medical Bills; Many Unhappy with Resolution, May not Understand Options for Assistance

Unexpected medical bills are surprisingly common. They can take many forms, from higher than expected charges, to bills from unexpected doctors, to bills from out-of-network providers when patients thought they were in-network. Federal and state legislators, including those in Virginia, are taking a close look at these issues and expanding consumer protections to reduce patients' financial burden from these surprise medical bills.

A 2019 survey of Virginia adults examined how prevalent these experiences were among the state's residents. Though respondents reported receiving unexpected bills regardless of insurance status, this analysis focuses on the respondents with private health insurance (almost 700 responses).<sup>1</sup> Compared to adults with Medicare, Medicaid, Tri-care or Veterans Health, consumers with employer coverage or coverage that they buy on their own have fewer protections against high and unexpected costs from surprise medical bills.

### KEY FINDINGS:

- Roughly one in three privately-insured Virginia adults received a surprise medical bill
- Three-quarters of privately-insured Virginians who received a surprise bill made an effort to resolve the bill before paying it
- Just over half ended up paying the bill in full
- Only one third of surprise medical bills were resolved satisfactorily
- Many respondents may not realize they have options for appealing these bills

**ABOUT ONE-THIRD OF PRIVATELY-INSURED VIRGINIA ADULTS RECEIVED A MEDICAL BILL THEY WERE NOT EXPECTING.** Altogether, 29% of privately-insured Virginia adults reported receiving a medical bill that included an unexpected expense in the prior 12 months. These respondents reported these specific issues:

- 18%—The amount charged was higher than expected
- 8%—A bill from a doctor they didn't expect

Smaller numbers reported being charged out-of-network rates when they thought the doctor was in-network (4%), being charged for services they did not receive (2%) or reported something else unexpected (4%). The prevalence of unexpected bills aligns well with similar surveys of privately-insured adults from other states.<sup>2</sup>

**VIRGINIANS TRIED A NUMBER OF STRATEGIES TO ADDRESS THE SURPRISE BILL BUT WERE OFTEN NOT SATISFIED WITH THE RESOLUTION.** About three-quarters (72%) of privately-insured Virginia residents who received a surprise bill made an effort to resolve the bill before paying it. The most common initial actions were to contact their doctor, hospital or lab (37% of bill recipients) or contact their insurance plan (25%) to resolve their unexpected medical bill (see Table 1).

**Table 1: First Step After Receipt of Unexpected Medical Bill**

CONTACTED DOCTOR, HOSPITAL OR LAB	37%
CONTACTED THE HEALTH PLAN OR CONSULTED INSURANCE POLICY/PROVIDER DIRECTORY	25%
PAID BILL WITHOUT DISPUTING IT	22%

*Source: 2019 Poll of Virginia Adults, Ages 18+, privately-insured who received an unexpected medical bill, Altarum Healthcare Value Hub's Consumer Healthcare Experience State Survey*

Just 12% of privately-insured Virginians took more than one step to resolve their unexpected bill. Very few reported taking actions that would escalate the issue beyond the insurer, doctor or hospital, such as:

- Asking a friend or family member for help
- Contacting an insurance broker
- Filing an insurance appeal
- Contacting a consumer assistance program
- Contacting a state government agency
- Contacting state legislators or member of Congress
- Contacting a lawyer
- Filing a formal complaint

It is likely that many patients may not realize these avenues of appeal are open to them. The survey also asked about respondents' confidence in the skills needed to navigate the healthcare system. Areas where Virginia adults particularly lacked confidence include disputing medical bills and resolving problems with unresponsive hospitals. These findings are consistent with other data showing that many adults have a poor understanding of how to navigate financial aspects of the healthcare system and lack critical knowledge like knowing they have the right to appeal a coverage decision, how to seek help from state regulators and how to navigate hospital charity care policies.<sup>3</sup>

**AMONG PRIVATELY-INSURED VIRGINIA ADULTS WITH AN UNEXPECTED MEDICAL BILL IN THE PAST 12 MONTHS, MOST (53%) PAID THE BILL IN FULL OR THROUGH A PAYMENT PLAN.** Just 22% were able to negotiate a lower price and still fewer had their bill dismissed (8%), while 11% of respondents had their surprise medical bill go to a collection agency and was still unpaid (see Table 2).

**Table 2: Payment Status of Unexpected Medical Bill**

PAID FOR THE ORIGINAL BILL IN FULL	41%
PAYING ORIGINAL BILL THROUGH A PAYMENT PLAN	13%
NEGOTIATED A LOWER BILL	14%
BILL SENT TO COLLECTIONS AND IT IS UNPAID	11%
BILING ISSUE WAS DISMISSED OR WRITTEN OFF	8%
BILL IS UNRESOLVED	12%

Source: 2019 Poll of Virginia Adults, Ages 18+, privately insured who received an unexpected medical bill, Altarum Healthcare Value Hub's Consumer Healthcare Experience State Survey.

### **A THIRD OF UNEXPECTED MEDICAL BILLS WERE NOT RESOLVED SATISFACTORILY; MANY REMAIN UNRESOLVED.**

Among privately-insured Virginia adults who had an unexpected medical bill, just over a third (34%) indicated that the issue was resolved to their satisfaction. Another third (33%) indicated that the issue was not resolved to their satisfaction and a quarter considered the issue unresolved (see Table 3).

**Table 3: Satisfaction with Resolution of Unexpected Medical Bill**

ISSUE WAS RESOLVED TO THEIR SATISFACTION	34%
ISSUE WAS RESOLVED BUT NOT TO THEIR SATISFACTION	33%
ISSUE IS STILL NOT RESOLVED	25%

Source: 2019 Poll of Virginia Adults, Ages 18+, privately insured who received an unexpected medical bill, Altarum Healthcare Value Hub's Consumer Healthcare Experience State Survey. Components do not add to 100% due to some respondents being unsure of bill resolution.

Both satisfied and dissatisfied consumers reported attempting to contact the health plan or consult their insurance policy or provider directory in roughly equal amounts when they received their unexpected bill. But satisfied consumers were likely to have tried additional strategies, such as contacting a customer assistance program, while dissatisfied consumers more often paid the bill without disputing it (see Table 4).

**Table 4: Resolution Strategies Differ Between Dissatisfied and Satisfied Patients**

STRATEGIES	DISSATISFIED WITH BILL RESOLUTION	vs.	SATISFIED WITH BILL RESOLUTION
PAID THE BILL WITHOUT DISPUTING IT	30%	vs.	19%
CONTACTED THE HEALTH PLAN OR CONSULTED INSURANCE POLICY/PROVIDER DIRECTORY	42%	vs.	38%
CONTACTED THE DOCTOR, HOSPITAL OR LAB	45%	vs.	57%
CONTACTED A CUSTOMER ASSISTANCE PROGRAM	6%	vs.	15%

Source: 2019 Poll of Virginia Adults, Ages 18+, privately insured who received an unexpected medical bill that was resolved, Altarum Healthcare Value Hub's Consumer Healthcare Experience State Survey.

## DISCUSSION

Privately-insured Virginia adults receive unexpected medical bills in high numbers. The nature of these bills takes many forms, from higher than expected charges, to bills from doctors they didn't expect, to surprise out-of-network bills. Distressingly, more than a third of these unexpected bills are not resolved to the satisfaction of the recipient. These Virginia findings are consistent with other national survey data showing unacceptably high rates of unexpected medical bills.

Data showing that survey respondents “tried to do the right thing,” with three-quarters making an initial effort to resolve the unexpected bill, such as contacting the doctor, hospital or health plan. Very few respondents escalated their concerns to formal appeal channels.

Virginia residents would benefit significantly from state actions to alleviate these unfair and burdensome medical billing problems, starting with protections that prevent unexpected bills from happening in the first place.

As states address the issue of surprise medical bills related to out-of-network care, they are emphasizing the need to get the consumer out of the middle—using strategies such as better consumer notices and prohibiting balance billing by providers in certain circumstances.<sup>4</sup> When balance billing is prohibited, these consumer protections must be accompanied by a mechanism to resolve the out-of-network provider's bill. Other efforts states are undertaking include simplifying health plan benefit designs<sup>5</sup> and improving the accuracy of provider directories and the adequacy of provider networks. In light of poll results showing that few bill recipients take more than one step to resolve their bill, Virginia policymakers may also want to consider creating a dedicated state ombudsman's office to help consumers with their billing problems, such as those available in Connecticut and Vermont.<sup>6</sup>

## NOTES

1. These privately-insured respondents include those covered by plans regulated at the state level (“fully insured” plans), as well as plans regulated by the U.S. Department of Labor (ERISA or “self-insured” plans). The later are typically the plans offered by larger employers.
2. Consumer Reports survey found nearly one third of privately insured Americans hit with surprise medical bills, Consumers Union (August 2018). [https://www.healthcarevaluehub.org/files/4015/3756/0216/2018\\_Surprise\\_Medical\\_Bills\\_Survey\\_PUBLIC\\_Report.pdf](https://www.healthcarevaluehub.org/files/4015/3756/0216/2018_Surprise_Medical_Bills_Survey_PUBLIC_Report.pdf). In addition, a Kaiser Family Foundation survey found that among insured, non-elderly adults struggling with medical bill problems, charges from out-of-network providers were a contributing factor about one-third of the time. A study by Yale University found 22% of visits to emergency departments resulted in surprise medical bills.
3. A 2014 Kaiser Family Foundation survey found one-third of respondents did not know that if a health plan refuses to pay for a medically recommended service, an insured person has the right to appeal the plan's decision. <https://www.kff.org/health-reform/poll-finding/assessing-americans-familiarity-with-health-insurance-terms-and-concepts/>. A separate 2015 survey found three-quarters of privately-insured adults are unsure if they have the further right to appeal to the state/an independent medical expert if their health plan refuses coverage for medical services they think they need. Few (just 13%) could identify the state agency/department tasked with handling health insurance complaints. <https://consumersunion.org/research/surprise-bills-survey/>
4. Kevin Lucia, Jack Hoadley, and Ashley Williams, *Balance Billing by Health Care Providers: Assessing Consumer Protections Across States*, Commonwealth Fund (June 13, 2017)
5. For examples, see Corlette, et. al., *Missed Opportunities: State-Based Marketplaces Fail to Meet Stated Policy Goals of Standardized Benefit Designs*, Urban Institute (July 2016).
6. Hunt, Amanda, *The Office of the Healthcare Advocate: Giving Consumers a Seat at the Table*, Research Brief No. 25, Research Brief No. 25 (May 2018).

## Methodology

Altarum's Consumer Healthcare Experience State Survey (CHESS) is designed to elicit respondents' unbiased views on a wide range of health system issues, including confidence using the health system, financial burden, and views on fixes that might be needed.

The survey, conducted March 12-April 2, 2019, used a web panel from SSI Research Now with a demographically balanced sample of approximately 1,200 Virginia respondents. The survey was conducted only in English and restricted to adults ages 18 and older. Respondents who finished the survey in less than half the median time were excluded from the final sample, leaving 1,152 cases for analysis with weighting occurring in age, gender and income to be demographically representative of Virginia.

For the purposes of this report, we further reduced the sample to just those who were privately insured. The demographic composition of the final sample was as follows:

### Demographic Composition of Privately-Insured Survey Respondents

DEMOGRAPHIC CHARACTERISTIC	FREQUENCY	PERCENTAGE	DEMOGRAPHIC CHARACTERISTIC	FREQUENCY	PERCENTAGE
<b>HOUSEHOLD INCOME</b>			<b>GENDER</b>		
Under \$30K	55	12%	MALE	286	46%
\$30K - \$40K	48	10%	FEMALE	405	54%
\$40K - \$50K	46	8%	<b>INSURANCE STATUS</b>		
\$50K - \$60K	88	13%	HEALTH INSURANCE THROUGH EMPLOYER OR FAMILY MEMBER'S EMPLOYER	582	46%
\$60K - \$75K	73	8%	HEALTH INSURANCE I BUY ON MY OWN	109	10%
\$75K - \$100K	92	13%	<b>HEALTH STATUS</b>		
\$100K - \$150K	161	19%	EXCELLENT	114	20%
\$150K+	128	18%	VERY GOOD	274	39%
<b>AGE</b>			GOOD	242	34%
18-24	86	28%	FAIR	54	6%
25-34	150	30%	POOR	7	1%
35-44	143	13%	<b>PARTY AFFILIATION</b>		
45-54	157	14%	REPUBLICAN	245	34%
55-64	132	13%	DEMOCRAT	241	37%
65+	21	3%	NEITHER	205	30%

Source: 2019 Poll of Virginia Adults, Ages 18+, Altarum Healthcare Value Hub, Altarum's Consumer Healthcare Experience State Survey



### ABOUT ALTARUM'S HEALTHCARE VALUE HUB

With support from the Robert Wood Johnson Foundation, the Healthcare Value Hub provides free, timely information about the policies and practices needed to achieve health systems that are equitable, affordable, and focused on the goals and needs of the people the system is meant to serve. The Hub is part of Altarum, a nonprofit organization with the mission of creating a better, more sustainable future for all Americans.

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