Eliminate the Unfair Usual and Customary Rate – Allow for Greater Choice for Local Businesses

LOCAL BUSINESS RELIEF COALITION

Making Small Group Out-of-Network Care Affordable

The “make available benefit” requirement to offer out-of-network benefits based on UCR has forced many health plans to stop offering any out-of-network benefits in the small group market

This is because it has been gamed by providers, resulting in those options being far too expensive for small and local businesses. The UCR, defined as the 80th percentile of the FAIR Health database of provider billed charges for health care services in a particular ZIP code is essentially a list of provider charges, decided solely by the providers.

Plans are currently unable to offer other, more reasonable, out-of-network reimbursement options if they do not want to offer this excessive option.

- **UCR rates are rising at an unsustainable pace.**
- **Empire Plan study (2012-2016) showed 82% of out-of-network service codes at least doubled in reimbursement rates.**
- **Some individual service codes saw rate increases between 218% and 2,948%.**
- **Median IDR decision using UCR was 5.7 times higher than in-network rates for the same service.**

Sources:
[1]Office of the New York State Comptroller, An Analysis of Reasonable and Customary Out-of-Network Reimbursement Rates for Medical/Surgical Services in the New York State Health Insurance Program, April 2020, available at https://www.osc.ny.gov/files/state-agencies/audits/pdf/sga-2020-18d2.pdf.
[1] Id.

Eliminating this UCR make available requirement would allow plans to offer more reasonable out-of-network options in the small group market.

The elimination of the UCR requirement would not only increase choices for local businesses, it will lower the cost of their healthcare as well.