

Thursday, December 15, 2022

Secretary of Labor Martin "Marty" Walsh
United States Department of Labor
200 Constitution Avenue, NW
Room S-2018
Washington, DC 20210

Dear Secretary Walsh:

We applaud the work President Joe Biden and his administration are doing to protect Americans from surprise medical bills. We are concerned, however, that patients and their families will not be fully protected under the administration's implementation of the No Surprises Act because of a little-known, "shared savings" fee charged to employers by insurance companies. These hidden fees are associated with out-of-network medical claims that unnecessarily drive-up insurance costs for essential healthcare for patients and businesses alike.

This egregious practice means that savings from the No Surprises Act are not realized by patients and their plan sponsor but instead are a recurring revenue stream for insurers.

What Are Shared Savings Fees?

Shared savings programs are sold to health insurance plan sponsors – usually employers – as protection for employees from surprise bills and a way for employers to save money by lowering out-of-network health insurance costs. In reality, these programs have hidden fees that drive up premiums and create an incentive to push doctors out-of-network.

These fees can have different names depending on the insurance company, but they generally are described as out-of-network cost management fees. With the implementation of the No Surprises Act, shared savings programs are unnecessary since out-of-network medical services are now covered. There is now an opportunity to lower or eliminate these fees while increasing transparency for plan sponsors and patients.

Advocating for Greater Transparency

Recently, shared savings fees have exceeded total administrative fees for many plan sponsors. Some may not even be aware of the total amount they are paying in these fees. There is a significant lack of transparency since insurance companies do not routinely report their revenues from shared savings programs. We believe there should be greater transparency into the fees employers are being charged every year. Unfortunately, the No Surprises Act does not directly address these fees.

Given the Biden administration's and Congress' goals of creating payment standards and transparency, we strongly encourage DOL to institute transparency provisions for insurance companies and to curb shared savings fees. If these fees are allowed to continue under the cover of "administrative fees," we believe they will continue creating a perverse incentive for insurers to narrow their networks, healthcare costs will continue to rise, and patients will have fewer choices for in-network doctors.

Respectfully,

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