



## EDPMA Action Alert: Out-of-Network Reimbursement in California

---

On Thursday (August 11), the California Senate Appropriations Committee will vote on problematic legislation (AB 72) limiting reimbursement for out-of-network care.

**Fortunately, emergency medicine advocates were able to exclude emergency care from the bill.** Nevertheless, if the bill were to become law as written today, it would set dangerous precedent that non-contracted healthcare providers can be forced to accept in-network rates.

AB 72 states that non-emergency care shall be reimbursed at the greater of (1) 125% of Medicare or (2) the average in-network rate. The Senate Appropriations Committee will vote on this bill on Thursday and the bill could pass the full legislature by the end of the legislative session on August 31. **If you treat or serve patients from California, please contact the members of the California Senate Appropriations Committee and urge them to oppose AB 72 unless the out-of-network reimbursement provisions are amended. Contact information is provided below.**

Here are some talking points to use when you contact members of the California Senate Appropriations Committee:

- Tell them your name, organization, California address, and why you are calling. Also give them an estimate of the number of California patients your organization serves so they understand why your opinion is important.
- **Urge them to oppose AB 72 unless the out-of-network reimbursement provisions are amended.**
- Explain that the legislation forces non-contracted healthcare providers to accept either the average in-network rate or 125% of Medicare, neither of which reflects the usual, customary and reasonable reimbursement rate nor the fair market rate.
- It would not be fair to base private reimbursement rates on Medicare reimbursement rates. Medicare rates are typically below market value and are determined based on the federal budget - not the cost of care. There is no reason to reference this rate when discussing payment between two private entities - a for-profit insurer and a healthcare provider.
- Further, provisions requiring providers to accept average contract rates would encourage abuse by insurance companies. Insurers would be able to offer in-

network reimbursement rates that are far below the market rate without any repercussions. Low rates would result in very narrow networks, but if non-contracted providers would have to accept the contract rate, insurers have no incentive to pay providers fairly or offer adequate networks to their insured. If healthcare providers are not paid fairly by private insurers, this will limit patient access to care.

**EDPMA asks you to call or e-mail the following Senate Appropriations Committee Members:**

**Senator Ricardo Lara (D) - Chair:** Phone: (916) 651-4033  
[senator.lara@senate.ca.gov](mailto:senator.lara@senate.ca.gov)

**Senator Patricia Bates (R) - Vice Chair:** Phone: (916) 651-4036  
[senator.bates@senate.ca.gov](mailto:senator.bates@senate.ca.gov)

**Senator Jim Beall (D):** Phone: (916) 651-4015  
[senator.beall@senate.ca.gov](mailto:senator.beall@senate.ca.gov)

**Senator Jerry Hill (D):** Phone: (916) 651-4013  
[senator.hill@senate.ca.gov](mailto:senator.hill@senate.ca.gov)

**Senator Mike McGuire (D):** Phone: (916) 651-4002  
[senator.mcguire@senate.ca.gov](mailto:senator.mcguire@senate.ca.gov)

**Senator Tony Mendoza (D):** Phone: (916) 651-4032  
[senator.mendoza@senate.ca.gov](mailto:senator.mendoza@senate.ca.gov)

**Senator Jim Nielson (R):** Phone: (916) 651-4004  
[senator.nielson@senate.ca.gov](mailto:senator.nielson@senate.ca.gov)

---

Emergency Department Practice Management Association  
8400 Westpark Drive, 2nd Floor, McLean, VA 22102  
Phone: (703) 610-0314 | Fax: (703) 995-4678