

**MEMORANDUM IN SUPPORT**

RE: HEALTH PLAN NETWORK ADEQUACY

SB 2641/ HB 2580

Illinois Health Insurance Plan Network Adequacy-- as required under SB 2641/HB 2580-- is needed for certain hospital-based medical specialties for the following reasons:

- **This legislation requires Illinois Insurance Department regulatory oversight for ensuring patient access to in-network hospital and facility-based physician specialty services by closing a current loophole in the law.** Current Illinois law and Department of Insurance regulations scrutinize health insurance plans for network adequacy but fail to include any assessment of whether pathology/clinical laboratory services, and other critical services, have been contracted by the plan. Pathology/clinical laboratory services drive over 70%<sup>1</sup> of all patient diagnostics.
- **This legislation helps prevent False and Deceptive Marketing by Health Insurance Plans.** Health Insurance Plans that communicate in marketing materials to consumers and enrollees that there's sufficient access to in-network hospitals and facilities in the plan when they fail to contract for pathology, radiology, anesthesiology, and emergency services at such facilities are engaged in false and deceptive marketing with the public.
- **This legislation will deter health insurance industry practices of driving pathologists and clinical laboratories out of insurance networks.** According to the College of American Pathologists (CAP) 2023 Survey data, the number of pathologists and clinical laboratories that have been "denied or unable to reach agreement on continued participation in a commercial health insurance plan/insurer network in which they were previously a participating provider" has more than doubled from 2021 (9%) to 2022 (19%).
- **This legislation creates regulatory incentives for health insurance plans to contract with physicians.** Health plans should not accrue unearned profits by failing to have contracts with physician specialists. Healthcare contract avoidance enriches shareholders and executives at the expense of Illinois patients and the financial stability of the healthcare system. This exploitative insurance business practice undermines revenue for the healthcare system, currently stressed by the demands of defraying escalating costs for Medicaid/Medicare patients.
- **This legislation emulates laws in other states (Texas, Washington, Virginia, New Hampshire, Tennessee, Louisiana, Georgia) and regulations (Michigan, California) to ensure and promote health plan network adequacy for essential health facility-based services, inclusive of pathology, clinical laboratory, radiology, emergency medicine, and anesthesiology.**
- **Furthermore, as stated by the American Hospital Association (AHA):** "Hospitals and health systems strongly support network-based coverage...where regulators ensure adequate access points to care. We continue to believe that the best way to protect patients from surprise medical bills is to ensure that every form of comprehensive coverage – including plans regulated under ERISA – are subject to strict network adequacy rules."<sup>2</sup>

<sup>1</sup> <https://www.cdc.gov/csels/dls/strengthening-clinical-labs.html>

<sup>2</sup> <https://www.aha.org/lettercomment/2021-09-01-aha-letter-requirements-related-surprise-billing-part-i-september-1-2021>