

Bulletin 00-004

BALANCE BILLING BY CONTRACTED PROVIDERS

December 15, 2000

The Department of Business and Industry, Division of Insurance (Division), has learned that some providers of healthcare who have executed preferred provider contracts are billing insured patients for amounts greater than the agreed upon discounted contract rate. This practice is known as "balance billing." Some insured patients have paid amounts greater than those specified in the contractual discount arrangement. To knowingly and willingly file a claim for an amount that is not due and is greater than the contracted rate is a violation of the false claims section of the Unfair Trade Practices and Fraud Act, specifically NRS 686A.291.

Discounted charges agreed upon by a preferred provider of healthcare and a payor must be similarly limited to the amounts owed by the insured. Each contract between a payor and a provider of healthcare that establishes reduced rates must state that the contracted rate is the total amount due for the covered service and that the insured is not responsible for amounts above the contracted rate.

Any Explanation of Benefits (EOB), Explanation of Payment (EOP), or similar form of each insurer must clearly disclose that the insured is not responsible for amounts greater than the contracted amount. The insured must be informed that providers are not to balance bill the difference between the billed amount and the contracted amount. The notice on the Explanation of Benefits and Explanation of Payment must include language substantially as follows:

"The billed charges exceed the contracted amounts agreed to by this provider for the covered service. Because this provider is a preferred contracted provider for your plan, you are not responsible for the difference between the billed charges and the contracted charges. This provider is prohibited from billing you for the difference."

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COMMISSIONER OF INSURANCE

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