

Member Advocacy: Understanding and Responding to Balance Billing

What is Balance Billing?

Balance billing occurs when a provider or hospital receives a fair payment from Brotherhood but chooses to reject that payment as full settlement. Instead, they bill the member directly for the remaining balance.

At Brotherhood, we operate on the principles of **Truth, Transparency, and Trust**. We use **Reference-Based Pricing (RBP)**, which calculates payments based on three points of reference. These objective pricing benchmarks are Medicare rates, cost basis, and competitive pricing. When a hospital sends you a balance bill, they are rejecting a price backed by true data in hopes of collecting an inflated, exorbitant chargemaster price.

Our Stand: Truth, Transparency, and Trust

We believe a fair price should be determined by industry-standard data while providing a generous profit for providers. **The price that we pay to providers averages approximately 40% above their actual cost.** Is not paying an average of 40% profits bordering on violating the conscience guided by biblical stewardship? When a provider sends you a balance bill they are attempting to leverage their elevated price and justify charges above 40% profits. If you receive notice that a balance bill is “outstanding” after Brotherhood has issued a generous payment, **forward it to our office immediately.** Once we receive the unsubstantiated balance bill, we initiate a formal legal dispute process to protect your credit but more importantly your conscience.

Our Advocacy: The FCRA Dispute Process

When the Brotherhood represents a member that has received a balance bill, we issue a formal **Fair Credit Reporting Act (FCRA) Dispute Letter**. This notifies the provider that we are formally contesting the “accuracy, fairness, and rationale” of their balance bill on your behalf.

Our advocacy efforts with providers follow a formal legal and ethical framework:

- 1. Formal Dispute Notification:** We notify the provider that under the FCRA, they are prohibited from reporting inaccurate or unverified information to collection agencies.
- 2. Requirement for Justification:** We invite the provider to the negotiation table to justify why a payment of 40% above their cost is not considered beyond reasonable, and fair—even generous. We make it clear to the provider that simply resending the bill to the member does not satisfy their legal obligation under FCRA to engage Brotherhood in a legitimate dispute.
- 3. Protection of the Member:** Our letter to providers requests that the provider cease sending unsubstantiated balance bills to the member. The FCRA process requires providers to engage in a fair and truthful dispute process. They are legally restrained from sending the balance bill to collections for at least 90 days to allow ample time for Brotherhood to demonstrate that our payment was based on true and credible pricing standards.
- 4. Weekly Member Updates:** Once a dispute is active, our office will provide a **weekly email or fax to members**, keeping you fully apprised of every step we take and all correspondence received from the provider.
- 5. Your responsibility:** If a provider calls you or sends you repeated invoices for a balance bill, always forward them immediately to our office.

Summary: Under the FCRA, providers must acknowledge that in good faith Brotherhood made payment based on credible pricing data and the unsubstantiated remaining balance is under dispute. They must engage in an honest and truthful conversation using industry standard medical pricing data to verify the truth. If the provider cannot substantiate and verify that additional payment is warranted, they do not have a legal premise to send a balance bill to collections.

Our Advocacy: Collections Resolution and The FDCPA

Should a disputed balance be moved to collections, our strategy shifts from substantiating a just payment with providers to regulatory validation with collectors under the **Fair Debt Collection Practices Act (FDCPA)**. While the FCRA process ensures the accuracy and data-based evidence of the payment, the FDCPA governs the conduct and communication of the collection agency itself. Upon receiving a collections notice, we immediately initiate a formal **Debt Validation Notice** on your behalf. These letters legally compel the agency to “cease and desist” collection efforts until they provide definitive proof of the debt’s legitimacy and show the pricing data behind the alleged balance bill. In other words, after we submit a Debt Validation Notice, the collection agency must stop attempting to collect the unsubstantiated debt and first validate whether or not the alleged debt is legally binding. It is illegal for a collector to harass members to make payment if they have not validated the accuracy and legitimacy of the alleged debt they are attempting to collect. To date, efforts with collectors have resulted in 100% elimination of alleged debt. Upon realizing that we already made payments averaging 40% above cost, collectors admit that the alleged debt cannot be validated.

Our advocacy efforts with collectors follow a formal legal and ethical framework:

- 1. Formal Debt Validation Notification:** We notify the collector that under the FDCPA, they are prohibited from reporting inaccurate or unverified debt to credit agencies.
- 2. Requirement for Validation:** We engage the collector and inform them of the data-backed pricing standards that govern the payment to provider of an average of 40% above the provider's costs.
- 3. Protection of the Member:** Our Debt Validation Notice to collectors reminds them that they are legally compelled to "cease and desist" collection efforts until they provide definitive proof of the debt's legitimacy and credible pricing data behind the alleged balance bill. Legally, collectors are not allowed to post an unvalidated debt, thereby damaging a person's credit.
- 4. Weekly Member Updates:** Once a collection dispute is active, our office will provide a **weekly email or fax to members**, keeping you fully apprised of every step we take with collectors.
- 5. Your responsibility:** If a collector calls you or sends you repeated collection notices, always forward them to us immediately.

Summary: Under the FDCPA, collection agencies cannot legally report an unvalidated (false) debt to credit agencies. This is why our role is so important. When Brotherhood demonstrates that a fair market price was paid to providers, collectors soon realize that the alleged debt they were attempting to collect cannot be validated and is therefore legally indefensible.

Peace of Mind

It is natural to feel a sense of urgency when you receive a balance bill marked "past due" or "final notice." Worst, it can be emotionally alarming when you receive a collection notice. Keep

in mind that **unsubstantiated balance bills and unvalidated debt** are tactics designed to create fear and worry. However, we ask you to trust in this process that stands on the side of truth. Providers and collectors sometimes use these aggressive notices as a psychological tactic to bypass our professional advocacy efforts on your behalf.

By following the FCRA and FDCPA dispute processes, we create a legal shield against the predatory practice of balance billing from providers and false debt from collectors. Rest assured that if a provider does not engage in a fair and reasonable dispute, it is unethical for them to send that balance to collections. Approximately 4% of medical bills result in balance bills.

As a last-ditch effort, a provider may sell the balance bill to a collection agency for pennies on the dollar. If you receive a notice from a collection agency, be assured that these inaccurate charges cannot be validated as legally defensible debt. We are standing between you and these unfair practices and will keep you in the loop as we deal with any balance bill sold to a collection agency.

Summary: How to Handle Balance Bills or Notice of Collections

If you receive a statement from provider showing a remaining balance or notice of unpaid debt from a collection agency:

- **Do not pay it.**
- **Forward the bill** or notice to us immediately via email (info@anabaptistbrotherhood.org), or fax (814-529-0068), or mail.
- **Rest easy** knowing that we are engaging the provider or collector in a Truth-based dispute to demonstrate that a generous and fair payment was already made.

We are committed to standing with you. Together, we ensure our collective resources are following the principles of truth and transparency and that no member is forced to bear the burden of exorbitant pricing. 