

# Healthier Texans through Healthier Markets

Texans deserve access to affordable, high-quality health coverage and care. But health care prices continue to escalate, making coverage and care unaffordable for too many. In Texas, market consolidation, exploitive price gouging, abusive facility fees, and government mandates push prices higher. Fortunately, the Legislature can act to restore competition, increase consumer choice, and make health coverage affordable for Texas employers and families.

## Out-of-Control Health Care Prices

- Health care prices are irrationally high and have huge variation. Even for routine care, the price tag is rarely clear.
- In Dallas, removing a gallbladder can cost less than \$5,000 or more than \$35,000, depending on which hospital you choose.
- Hospitals in Texas charge employers double what it costs to break even—more than 3 times Medicare—forcing employers and families to pay millions of dollars more than needed.
- Hospitals are marking up life savings drugs and cancer drugs by more than 200% over their purchasing costs.
- Price increases alone account for 75% of the increase in health care spending—not utilization, not patient health, not technology advancements.
- Instead of incentivizing affordable quality care, our health care system is designed to maximize profits. Hospitals and private equity-backed staffing firms charge the highest prices they can get away with.



## Private Equity Takeover

- Private equity-backed staffing firms and consolidated systems gobble up physician practices, inflate prices, and charge abusive facility fees.
- A single gastroenterology group, backed by private equity, has taken over most services for preventive colonoscopies in Texas and is charging patients thousands in unnecessary facility fees.
- Anesthesia costs increased 26% under private equity takeover.
- As a result of private equity, Texas has some of the highest ER prices in the nation with prices more than doubling in 7 years.
- Surprise billing disputes in Texas have come almost exclusively from private-equity-backed physician staffing firms.

## Burdensome Government Mandates

- Texas regulations and mandates hinder innovation and add costs to an already expensive system—forcing employers and families to bear the cost of one size-fits-all coverage.
- In 2021, Texas reached a high-water mark for the number of restrictions placed on health insurance.
- Texas has more mandates above the ACA than almost every other state—3rd in the nation.
- Small businesses are steadily dropping health coverage—a 17% decline since 2000 in firms with less than 50 employees.



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## 9 Solutions for Healthier Texans through Healthier Markets



1. **Expand Affordable Coverage Alternatives:** Build more affordable insurance coverage options that avoid over regulation and excessive mandates. (HB 1001)



2. **Allow Innovative Price Shopping:** Allow health plans to create market-driven, innovative incentives to reward patients who shop for the best value care.



3. **Value-Based Care:** Reform state laws to legalize value-based care arrangements between health plans and providers. (HB 1073)



4. **Review Mandates:** Before approving a new mandate, study the full impact on businesses and families through a new Health Insurance Mandate Advisory Review Center (HIMARC).



5. **Avoid New Costly Mandates:** Avoid new mandates and overregulation that raise the cost of coverage and force employers and families to pay higher prices.



6. **Preserve Employer Provided Coverage:** Protect ERISA flexibility and oppose any legislative attempts to add costly mandates on self-funded employers.



7. **Expand Access to Care:** Explore opportunities to build on the state's high-performing individual market without creating disruptions.



8. **Fight Back Against Out-of-Control Health Care Prices:** Ban anti-competitive health care contract terms, stop abusive facility fees, and give patients a complete price picture with transparency from all health care providers.



9. **Avoid Rewarding Private Equity:** Stop private equity controlled providers from abusing network adequacy laws to increase prices for Texas patients.

### TEXAS ASSOCIATION OF HEALTH PLANS

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Blake Hutson, Director of Public Affairs, bhutson@tahp.org (512) 636- 7213