



**Texas Association of Health Plans**

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April 4, 2023

Dear Chairman Oliverson and Members of the House Insurance Committee,

As the statewide trade association representing health insurers, HMOs, Medicaid managed care, and other health plans that serve over 20 million Texans, the Texas Association of Health Plans (TAHP) is committed to ensuring that Texas families and employers have access to affordable, comprehensive, and high-quality coverage. **We support HB 2414 as an important step to encouraging patients to shop for high-value health care services.**

Recent state and federal price transparency laws show that prices for the same services and procedures vary significantly between health care providers within the same geographic area. As an example, in Dallas, the cost for a total knee replacement was found to vary from \$16,000 to \$61,000. While price transparency initiatives have revealed these variations, patients still lack incentives to become informed shoppers. For example, a patient with a \$5,000 deductible lacks an incentive to select a different provider. That's where incentives are needed and state laws inhibit health plan arrangements that can encourage patients to be smart shoppers.

The Trump administration also incentivized insurers to create shopping tools such as lower deductibles to encourage members to seek services from high-value, low-cost providers. A study in [Health Affairs](#) found that health plans with these types of shopping incentives can reduce medical spending by 5 percent. This approach also creates an environment for innovation. But Texas laws currently stand in the way of this innovation.

We applaud efforts to increase competition, improve transparency, and incentivize patients to be smart shoppers of health care services. HB 2414 is needed to accomplish these goals and will open up innovative shopping incentives that are proven to drive significant health care savings.

Sincerely,

A handwritten signature in black ink that reads "M. Blake Hutson". The signature is written in a cursive, flowing style.

Blake Hutson

Texas Association of Health Plans