



Texas Association of Health Plans
1001 Congress Ave., Suite 300
Austin, Texas 78701
P: 512.476.2091
www.tahp.org

September 5, 2024

Re: Transparency in Health Care and Health Insurance

Dear Chairman Oliverson and Members of the House Insurance Committee,

I am writing on behalf of the Texas Association of Health Plans (TAHP), representing the state's health insurers who are committed to providing Texans with affordable, high-quality health care coverage. Transparency in health care is crucial for empowering patients, ensuring fair pricing, and fostering a more efficient health care system. Despite Texas' progress in passing health care transparency laws, many of these measures fall short of providing meaningful information to consumers. We appreciate the opportunity to discuss the necessary steps to enhance transparency and make health care costs more accessible and understandable for all Texans.

Continued Barriers to Maximizing Transparency for Patients

Health care spending has reached a breaking point, leaving employers searching for new tools to control costs and engage patients in more responsible use of health care dollars. Self-funded employer benefit plans are exempted from Texas imposed regulations and mandates and free to utilize a wide range of options for controlling costs. According to Mercer's Health & Benefit Strategies for 2024 Survey Report, 21% of employers are using strategies like tiered networks to steer employees to high-value care. Among employers with 20,000 or more employees, this figure jumps to 46%.

A study published in Health Affairs showed that innovative health plans with networks that reward patients who choose high value care actually lowered medical spending by 5%. However, outdated state laws ban state regulated health plans from incentivizing patients to "shop for" low-cost, high-quality providers. State regulated insurance products must operate with limited flexibility in an over regulated market that lacks the tools needed to control spending.

Current state laws are creating significant barriers that prevent health plans from providing transparent information on the cost and quality of health care services. Outdated provider ranking restriction statutes force insurers to turn off patient facing provider ranking tools based on independent third party national standards. Other outdated regulations block providers and insurers from entering into value-based payment arrangements that are essential for improving patient outcomes and reducing overall health care costs. Additionally, the lack of clear, accessible Good Faith Estimates and comprehensive data from the All-Payer Claims Database



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(APCD) leaves patients and policymakers without the tools they need to make informed decisions.

Why It Matters

In 2021, Texas lawmakers created hospital price transparency laws and required health plans to publish all of their negotiated prices. But that's where price transparency ends. Consumers still lack a complete picture to window-shop for most health services. Transparency in health care is crucial for empowering patients to make informed choices about their care, ensuring that they receive high-quality services at a fair price. Without the ability to compare costs and quality, patients are left in the dark, often leading to higher out-of-pocket expenses and less efficient care.

Furthermore, state laws that hinder value-based care arrangements are inconsistent with broader cost savings trends toward these alternative payment models. Health care is rapidly moving to capitated and value-based care arrangements like advanced primary care and direct primary care. In these models, providers commit to caring for patients based on a flat fee instead of individually charging per service. Providers voluntarily share some financial risk and reward of caring for patients.

Unfortunately, Texas laws create barriers to health plans and providers creating these innovative payment models. Changes to state law supported by primary care physicians would allow for true value based care arrangements that benefit health plans, providers and most importantly, patients. Texas Medicaid actually requires half of all Medicaid provider contracts to be in alternative payment models, in contrast to these outdated commercial insurance regulations. This restriction against value based care has left the Texas regulated health insurance market in an antiquated fee-for-service system that perpetuates higher costs.

Recommendations:

- **Require Good Faith Estimates for Shoppable Services:** Texas should mandate that health care providers offer clear, upfront Good Faith Estimates for shoppable services, allowing patients to compare costs and make informed decisions about their care.
- **Fully Fund the All-Payer Claims Database (APCD):** To provide a comprehensive view of health care costs across the state, Texas should fully fund the APCD. This database is essential for collecting and sharing data on the true costs of care, enabling patients, policymakers, and insurers to better understand and manage health care expenses.



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- **Eliminate Obstacles to Sharing Cost and Quality Information:** Texas should remove state laws that create barriers for insurers to share cost and quality information with consumers. Additionally, insurers should be able to use this information to create incentives for patients to shop for more affordable, high-value care.
- **Remove Barriers to Value-Based Care Models:** State laws should legalize value-based care arrangements between health plans and providers which will reduce costs and reward providers based on quality of care, not quantity of services provided.

Sincerely,

A handwritten signature in black ink that reads "Jamie Dudensing". The signature is written in a cursive, flowing style.

Jamie Dudensing, RN

CEO

Texas Association of Health Plans