



Texas Association of Health Plans
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March 26, 2025

Dear Chairman Dean and Members of the House Insurance Committee,

The Texas Association of Health Plans (TAHP) is the statewide organization representing health insurers, HMOs, Medicaid managed care organizations, and other related entities that provide coverage for more than 20 million Texans. **TAHP supports House Bill 2254 by Representative Hull, which aims to remove regulatory barriers and expand the use of value-based primary care models in PPO and EPO plans.** These innovative payment arrangements—already used widely by Medicare, Medicaid, and self-funded employer plans—reward quality and outcomes instead of volume, ultimately helping to bring down costs, improve patient care, and allow greater flexibility for Texas employers.

Texas already struggles with some of the highest health care costs in the nation, ranking fifth in overall spending, and employer plan costs have increased by 16% over the past three years.^{1, 2} By clarifying that direct and advanced primary care models are permissible for PPO and EPO coverage, HB 2254 can help reduce overregulation and broaden the market-based strategies available to employers. Embracing value-based payment approaches has shown promise in reducing hospital admissions, improving management of chronic conditions, and stabilizing the primary care workforce. Moreover, many employers and employees say they would opt into a high-value primary care plan if given the chance, underscoring the strong demand for more flexible benefit structures.

Key Benefits of HB 2254:

- **Lower Premiums and Reduced Cost Growth:** Value-based care focuses on prevention, reducing avoidable hospitalizations and expensive specialist care.
- **Flexibility for Employers:** PPO and EPO plans can adopt risk-based payment models without facing regulatory barriers that limit innovation.
- **Improved Health Outcomes:** Providers are incentivized to offer coordinated, patient-centered care that tackles health issues before they escalate.

¹ [Survey](#) of Employer Health Plans, Mercer, 2024.

² The Most (And Least) Expensive States for Healthcare 2024, [Forbes](#).



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- **Enhanced Primary Care Access:** Direct and advanced primary care models are proven to address patients' concerns more thoroughly and help alleviate provider burnout.

Texas laws and regulations should foster, not hinder, such market-driven solutions that can alleviate cost pressures for families and businesses. By modernizing statutes that currently restrict value-based arrangements to HMOs, HB 2254 takes a meaningful step toward making coverage more affordable, flexible, and responsive to Texas' diverse population needs.

TAHP appreciates your leadership in seeking reforms that encourage innovation and lower costs for Texans. We respectfully urge you to support HB 2254, which will expand opportunities for value-based primary care and help Texas employers manage health care costs while improving patient outcomes.

Thank you for your consideration and for your continued work on behalf of a healthier, more cost-effective future for our state.

Sincerely,

M. Blake Hutson

Blake Hutson

Texas Association of Health Plans