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May 23, 2024

Chairman Vern Buchanan (R-FL)
Ranking Member Lloyd Doggett (D-TX)
House Committee on Ways and Means
Health Subcommittee

Dear Chairman Buchanan and Ranking Member Doggett:

Thank you for holding today's critical hearing on consolidation of corporate hospital systems and their role in the ballooning cost of healthcare in America.

Better Solutions for Healthcare, a national coalition representing a broad range of employers and consumers, has been working to advance legislation to harmonize billing practices in off-campus hospital outpatient facilities, end corporate hospital systems' "dishonest billing" practices, and shine more light on hospital prices. In particular, we are grateful this committee included key honest billing components of the Facilitating Accountability in Reimbursements Act – or the FAIR Act – into the bipartisan Lower Costs, More Transparency Act, which received a strong 320 – 71 House floor vote December 11, 2023.

Our coalition's mission is to educate the public about the leading role corporate hospital systems play in driving up the cost of healthcare and advocate for reforms to lower the prices Americans pay for care. America's job creators and local and state business leaders know all too well how the rapidly increasing cost of care creates barriers to good health. Even more, rural patients benefit from site-neutral payment reform, which one study estimates would save seniors on Medicare undergoing breast cancer treatment $1,500 a year.[1]

Let's be clear – removing the financial incentive for large corporate hospital systems to buy small rural doctors' offices helps folks living in rural areas maintain access to more affordable health care.

As Congress ramps up scrutiny of corporate hospital systems' role in the continued and unsustainable rise of health care prices, the House Committee on Ways and Means is well positioned to harmonize billing practices in off-campus hospital outpatient facilities, ensuring honest billing to make healthcare more affordable for patients.

The need for site-neutral reform is growing. As more corporate hospital systems buy smaller, independent practices, they frequently charge patients for services provided in physicians' offices as if they were delivered in a hospital setting. So, the same service, provided by the same doctor, in the same doctor's office, now costs the patient as much as 300% more simply because a corporate

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[1] *Examining the Impact of Site Neutral Payment on Costs for Cancer Care*, American Cancer Society Cancer Action Network, https://www.fightcancer.org/sites/default/files/acs_can_site_neutral_issue_brief_-_final_10-19-23.pdf. Accessed 7 March, 2024.

hospital system owns the doctor's practice.[2] Rural Americans, who often have limited options for where to receive care, are particularly vulnerable to these cost-inflating practices.

We cannot solve the health care affordability crisis in America without addressing the role of corporate hospital systems. Today, one out of every three dollars spent on healthcare goes to hospitals.[3] And hospitals charge $417 for every $100 of their costs.[4]

Corporate hospital systems continue to argue cost shifting across public and private payors is necessary because Medicare and Medicaid underpay their facilities. Yet, in reviewing the hospitals' own data, the nonpartisan Congressional Budget Office (CBO) concluded, "…providers do not raise the prices they negotiate with commercial insurers to offset lower prices paid by government programs."[5]

Indeed, the Medicare Payment Advisory Commission (MedPAC) has repeatedly found that relatively efficient hospitals break even on Medicare.[6]

In the 118th Congress, six House and Senate committees have conducted over a dozen hearings and markups scrutinizing corporate hospital systems' practices, and today's hearing offers another practical step forward in tackling Americans' skyrocketing healthcare costs.

As previously mentioned, the House passed the Lower Costs, More Transparency Act by a 320 – 71 bipartisan vote, with 166 Republican and 154 Democratic lawmakers supporting the bill, which includes site-neutral reforms for physician-administered drugs, saving $3.74 billion, and requires off-campus hospitals to have a unique identifier, saving $2.32 billion.

For patients to realize true affordability, comprehensive site-neutral reforms must be enacted. Americans depend on pragmatic legislators to work together to address the problem of corporate hospital costs. Thankfully, there is now bipartisan consensus to put an end to these alarming price markups.

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[2] Shinkman, Ron. "Study quantifies cost differential between physician offices and hospital outpatient care." *Fierce Healthcare*, Accessed 6 March, 2024. https://www.fiercehealthcare.com/finance/study-quantifies-cost-differential-between-physician-offices-and-hospital-outpatient-care.

[3] Gee, Emily. "The High Price of Hospital Care." *Center for American Progress*. Accessed 13 Oct. 2023, www.americanprogress.org/article/high-price-hospital-care/.

[4] *The Cost of In-Home Care*, MDC Healthcare, 24 Oct. 2022, www.mdchealthcare.org/understanding-the-cost-of-in-home-care-and-the-cost-of-a-hospital-stay/#:~:text=U.S.%20hospitals%20charge%20an%20average,stay%20at%20home%20long%20term.

[5] *The Prices That Commercial Health Insurers and Medicare Pay for Hospitals' and Physicians' Services*, Congressional Budget Office, www.cbo.gov/system/files/2022-01/57422-medical-prices.pdf. Accessed 13 Oct. 2023.

[6] *Hospital Inpatient and Outpatient Services*, Medicare Payment Advisory Commission (MedPAC), www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/mar20_entirereport_sec.pdf. Accessed 13 Oct. 2023.

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Better Solutions urges the committee to support policies that promote hospital competition, enforce federal price transparency laws for hospital charges, rein in hospital markups, and ensure honest billing practices by corporate hospital systems.

Sincerely,
Better Solutions for Healthcare