

February 23, 2023

The Honorable Kevin McCarthy
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
House Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Senate Republican Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Senate Majority Leader
United States Senate
Washington, DC 20510

Dear: Leader Schumer, Leader McConnell, Speaker McCarthy, and Leader Jeffries,

The **Alliance to Fight for Health Care** is a diverse coalition comprised of businesses, patient advocates, employer organizations, unions, health care companies, consumer groups and other stakeholders that support employer-provided health coverage. Together, we are working to ensure that employer-provided coverage remains an available and affordable option for working Americans and their families.

Employer-provided health care coverage is the backbone of the U.S. health care system— [covering](#) more than 178 million workers and their families. More people receive health insurance through an employer than all other sources of coverage combined—Medicare, Medicaid, Marketplace, Tricare and the Department of Veterans Affairs. Employer-provided coverage has always been efficient, effective, and stable, and through the COVID-19 pandemic, it has also proven to be [resilient](#)—with employers quickly stepping up to meet the health care needs of employees during the crisis.

Employer-provided coverage produces substantial return on the federal government's investment in it—both economically and when it comes to our health. Research finds that employer-provided coverage provides significant economic, social, and public health [benefits](#). According to a National Bureau of Economic Research [working paper](#), employer-provided coverage delivers significant value – at least \$1.5 trillion in social value annually beyond the cost of insurance borne by businesses, workers, and government tax exemptions, at nearly \$10,000 per person.

Despite economic uncertainty in 2022, more than 70% of large employers [prioritized](#) adding or expanding benefits or resources to meet employee needs. This included access to virtual care resources, expanded behavioral health, and alternative care arrangements, such as accountable care organizations and centers of excellence, that drive employees to high-value care.

Despite efforts, rising health care costs continue to be a top concern for both employers and employees. Health spending is increasing across all payers, and now exceeds [18%](#) of U.S. Gross Domestic Product. From 2016 to 2020, the 9.3 % per person spending [growth](#) in the employer market was caused primarily by a 16% increase in average medical prices.

Health care costs continued to be a significant barrier to care for patients. A recent [Morning Consult poll](#) on health care issues conducted on behalf of the Alliance found **health care costs are the No. 1**

concern among insured Americans. What's more, 57% of insured adults said **reducing health care costs should be Congress' top priority.** But insured adults do not want to start over. Nearly 70% of insured adults, across the political spectrum, prefer to **strengthen the existing system.** Further, a majority of adults want Congress to work to lower the cost of health care for ALL Americans, not just those who receive coverage on the exchanges or in federal health care programs, like Medicare and Medicaid.

The Alliance to Fight for Health care agrees. We want to work with Congress this year to improve the U.S. health care system and reduce health care costs for ALL Americans by advancing policies to reduce health insurance premiums and increase affordability. And we come to the table with bipartisan ideas. For example, Congress could reduce cost and improve health outcomes for 178 million workers and their families enacting policies to:

- **Remove restrictions preventing pro-patient competition in health care markets**
- **Protect patients from paying hospital prices for doctors' office visits**
- **Align value-based care incentives to benefit patients across all health care markets**
- **Give employers the flexibility to design programs to address chronic conditions and improve health outcomes**

Policy goal: Remove restrictions preventing pro-patient competition in health care markets

Employers want to create health plan designs that provide extra help to people with chronic or costly health conditions to improve health outcomes. Currently, "anti-tiering" and "anti-steering" clauses in contracts between providers and health plans restrict plans from creating innovative, high-value programs such as high-performance networks. Passing legislation, such as the Healthy Competition for Better Care Act, would enable more group health plans and health insurance issuers to enter into agreements with providers that guide enrollees to high-value providers and provide incentives to encourage enrollees to seek higher-quality, lower cost care. There is significant support for such proposals. Recent [polling](#) by the Alliance indicates that 85% of insured adults feel employers should be able to give employees who have enrolled in their company's health plan a discount for seeing a high-quality provider.

Policy goal: Protect patients from paying hospital prices for doctors' office visits

The Alliance supports lowering the cost of health care services through policy proposals such as site-neutral payment reform. Current Medicare and private health insurance payment policies pay more for services provided in hospital outpatient departments ("HOPD") – in other words, provider offices owned by but not located in the hospital. According to the Medicare Payment Advisory Commission (MedPAC), this disparity is incentivizing health care consolidation and higher-health care costs. As shown in an AMA survey, currently fewer than half of physicians now work in physician-owned practices, a [trend](#) that has sharply risen since 2012.

MedPAC discussed the payment disparity in their June 2022 [report](#) to Congress, "[I]n 2022, Medicare pays 141 percent more in a hospital outpatient department than in a freestanding office for the first hour of chemotherapy infusion." As noted by MedPAC, "partly in response to these incentives, in recent years hospitals have acquired more physician practices, and hospital employment of physicians has increased." MedPAC also notes that the resulting increased reimbursements are not

linked to clear benefits, such as improved quality of care for beneficiaries, but they are linked to increased costs for patients.

Congress can build on site-neutral payment reform by requiring Medicare to align payment rates for certain services across the three main sites where patients receive outpatient care—HOPDs, ambulatory surgical centers (ASCs), and freestanding physician offices. MedPAC, in its June 2022 report, estimated expanding site-neutral payment policies in Medicare could generate \$6.6 billion in annual savings for Medicare and taxpayers and lower cost-sharing for Medicare beneficiaries by \$1.7 billion.

The savings if voluntarily adopted by the commercial market are likely even greater. [New research](#) by University of Minnesota economist Steve Parente conducted on behalf of the Alliance estimates that expanding site-neutral payment reform in Medicare and encouraging adoption in the commercial market could result in nearly \$60 billion in savings annually in the commercial market.

Requiring transparency in reporting where care is provided (i.e., a hospital or a physician's office) is another commonsense step that can help improve clarity for all consumers. Congress should consider legislation such as The Transparency of Hospital Billing Act.

These policies can all be designed to protect vulnerable rural or safety net hospitals, while protecting patients from climbing costs and consolidation. There is significant support for site-neutral payment reform. The recent [Morning Consult poll](#) found 86% of insured adults, across political parties, believe health care costs should remain the same regardless of where the service is received.

Policy goal: Align value-based care incentives to benefit patients across all health care markets

The Alliance believes that federal cost reduction and quality improvement efforts should seek to improve the health care market for all beneficiaries. Encouraging collaboration between public and private providers and payors could accelerate beneficial changes for all participants. Creating pathways to engage the group health market in CMS Innovation Center (CMMI) models more meaningfully will promote multi-payer collaboration and encourage public-private partnerships that improve quality, reduce costs, and advance the system as a whole.

All patients should have a seat at the table in advance of future model development and be part of an open dialogue to promote coordination and learning to help improve the system together.

Policy goal: Give employers the flexibility to design programs to address chronic conditions and improve health outcomes

The Alliance also supports policies that reduce barriers to high value care, including enabling plans and employers to offer more high-value care pre-deductible. Laws and rules limiting pre-deductible coverage for chronic disease prevention, onsite medical clinics and telehealth inhibit employers' ability to offer high-value and potentially life-saving care to their employees on an equitable basis. Because of this, the Alliance supports legislation, including:

- The Chronic Disease Management Act (117th H.R. 3563/S. 1424), which allows greater flexibility to offer pre-deductible coverage for chronic disease prevention.
- The Telehealth Expansion Act (117th S. 1704), which makes permanent the flexibility for plans to offer telehealth pre-deductible.
- Legislation that allows employers to provide more robust services (like chronic disease management and primary care) at onsite medical clinics pre-deductible without charging cost-sharing.
- Legislation that permits plans below a specified actuarial value to make and plan participants to receive contributions to Health Savings Accounts (117th S. 2099).

You can find a longer list of our recommended policies – including the barriers they aim to address – on our website at www.fightforhealthcare.com.

We look forward to working together to advance public policy that makes health care more affordable, supports continued innovation, improves job-based coverage, and advances the health care system for all patients.

Respectfully,

The Alliance to Fight for Health Care