The Alliance to Fight for Health Care

Advancing employer-provided coverage

October 13, 2023

The Honorable Jodey Arrington
Chairman
Committee on the Budget
United States House of Representatives
Washington, DC 20515

The Honorable Michael Burgess
Chair, Health Care Task Force
Committee on the Budget
United States House of Representatives
Washington, DC 20515

Dear: Chairman Arrington, task force chairman Burgess, and members of the Health Care Task Force,

The **Alliance to Fight for Health Care** applauds the committee for establishing a task force to examine the key drivers of health care costs straining both the federal budget and hardworking Americans.

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 nearly 180 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 produces substantial return on the federal government's investment in it—both economically and when it comes to our health. For every tax dollar invested in employer-sponsored coverage, employers pay nearly $5 toward their workers' health benefits. Research also 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.

Health care costs continue to be a significant barrier to care for patients. A 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**.

Rising health care costs also 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. And the data continue to show that rising medical prices, not increased utilization, are driving these growth rates: From 2017 to 2021, the 21.2% per person spending growth in the employer market was caused primarily by a nearly 14% increase in average medical prices, which is being driven by rising hospital prices.

The Alliance is dedicated to pursuing policies that increase competition and transparency to bring meaningful change — and cost savings — to our health care system and patients everywhere. That is why we strongly urge the Task Force to explore two policy solutions in particular that can reduce federal health care spending by correcting a Medicare payment discrepancy and shining a light on unfair billing practices:

1. **Expand site-neutral payment reforms by enacting Section 203 of the Lower Costs, More Transparency Act (H.R. 5378), which aligns Medicare payments for physician-administered drugs in off-campus hospital outpatient departments and freestanding physician offices.**
2. **Give insurers and consumers the tools to pay appropriate prices for care by enacting Section 204 of the Lower Costs, More Transparency Act, which would require off-campus hospital outpatient departments owned by a Medicare provider to obtain and use a unique national provider identifier (NPI) on billings for claims for services.**

We provide more detail on these vital, cost-savings policy solutions below.

Expand site-neutral payment reforms.

Hospital prices are the No. 1 driver of increased costs for patients and CMS' actuaries concluded that "hospital spending growth is the principal reason for Medicare's faster growth." If we want lower health care costs for both the federal government, employers, employees and patients, we must address market abuses that are increasing our costs. Site-neutral payment reform corrects a Medicare payment anomaly that enables hospital outpatient departments (HOPDs) to get paid more for the same service as freestanding facilities and is encouraging hospitals to purchase doctors' offices (where care is less expensive) to turn them into HOPDs where they bill more—increasing costs for the federal government and for patients. In fact, Medicare Payment Advisory Commission (MedPAC) data suggest hospital acquisitions of standalone physician's offices have accelerated: the share of office visits billed under the hospital outpatient payment system grew from 9.6% in 2012 to 12.8% in 2021, while the share of chemotherapy administration billed under the hospital outpatient payment system grew from 35.2% in 2012 to 51.9% in 2021. This drives up costs for patients and taxpayers without increasing quality or improving outcomes for patients.

Please consider the following situation: A patient visits their physician's office in March; if the visit is $100, the beneficiary's 20% coinsurance is $20. In April, the physician's office is purchased by a local hospital and, for billing purposes, turned into a HOPD. When the patient returns in May to the same office and the same physician, the same service could be $141 and the beneficiary's 20% coinsurance is now $28.20. These numbers can add up quickly if beneficiaries are receiving a series of cancer or other higher-cost treatments. The higher price for the visit also raises the amount the insurer or employer is spending on the visit, increasing overall health care spending and premiums. **Site-neutral payment reforms will reduce costs for patients and the federal government**. MedPAC estimates up to $6.6 billion in annual savings for the Medicare program and $1.7 billion in savings from lower cost-sharing for Medicare beneficiaries from expanding site-neutral payments. The potential for savings expands beyond Medicare. New research by University of Minnesota economist Steve Parente conducted on behalf of the Alliance estimates that expanding site-neutral payment reform could result in nearly $60 billion in savings annually if adopted in the commercial market.

We urge the Task Force to consider at Section 203 of the Lower Costs, More Transparency Act, which aligns Medicare payments for physician-administered drugs in off-campus HOPDs and freestanding physician offices. This policy serves as an important first step toward protecting patients from paying hospital-level prices for care delivered at doctor's offices and lessens financial incentives driving consolidation among health care providers. We also urge the Task Force to explore MedPAC's more expansive site-neutral payment proposals.

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 aforementioned 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.

Enact honest billing policies.

We also urge the Task Force to explore proposals such as those included in Section 204 of the Lower Costs, More Transparency Act that would require off-campus HOPDs owned by a Medicare provider to obtain and use a unique national provider identifier (NPI) on billings for claims for services.

This specificity of documentation is important because current Medicare and private health insurance hospital billing practices make it difficult to tell whether a service was provided at a hospital or in an outpatient setting like a doctor's office, where care may be less expensive. Hospitals that own outpatient facilities often will use the main hospital's NPI and address on all claim forms -- even when care is provided outside the hospital at a hospital-owned doctor's office or facility. This makes it look like the care was provided within the hospital's walls even if the care was provided at an off-campus HOPD miles away from the main hospital.

By requiring off-campus HOPDs owned by a Medicare provider to obtain and use a unique NPI, the legislation will ensure patients and payers have the data necessary to dispute erroneous fees, unfair add-on costs, hospital upcharges and other junk fees.

Consider additional cost-reduction measures.

In addition to advancing sections 203 and 204 of the Lower Costs, More Transparency Act, the Alliance also strongly encourages Congress to advance other cost-reduction policies, including continuing the move toward value-based payments by:

- Encouraging collaboration between public and private providers and payers and creating more opportunity for commercial sector participation in CMS Innovation Center models.
- Giving employers the flexibility to design programs to address chronic conditions and improve health outcomes by enacting:
    - The Chronic Disease Management Act (H.R. 3800 / S. 655), which allows greater flexibility to offer pre-deductible coverage for chronic disease prevention.
    - The Telehealth Expansion Act (H.R. 1843 / S. 1001), which makes permanent the flexibility for plans to offer telehealth pre-deductible.
    - Legislation that allows employers to provide more robust services, like direct primary care and care at onsite medical clinics pre-deductible without charging cost-sharing (these provisions included in H.R. 5688).
- Eliminating anti-tiering and anti-steering clauses in facility and insurance contracts that limit competition and access to higher quality, lower cost care (H.R. 3120).

The Alliance looks forward to working together to find solutions to lowering health care costs for employers and patients and we strongly urge the Task Force to show their support for policies, such as those mentioned above, that generate federal savings and protect patients from unfair high health care costs.

Respectfully,

The Alliance to Fight for Health Care