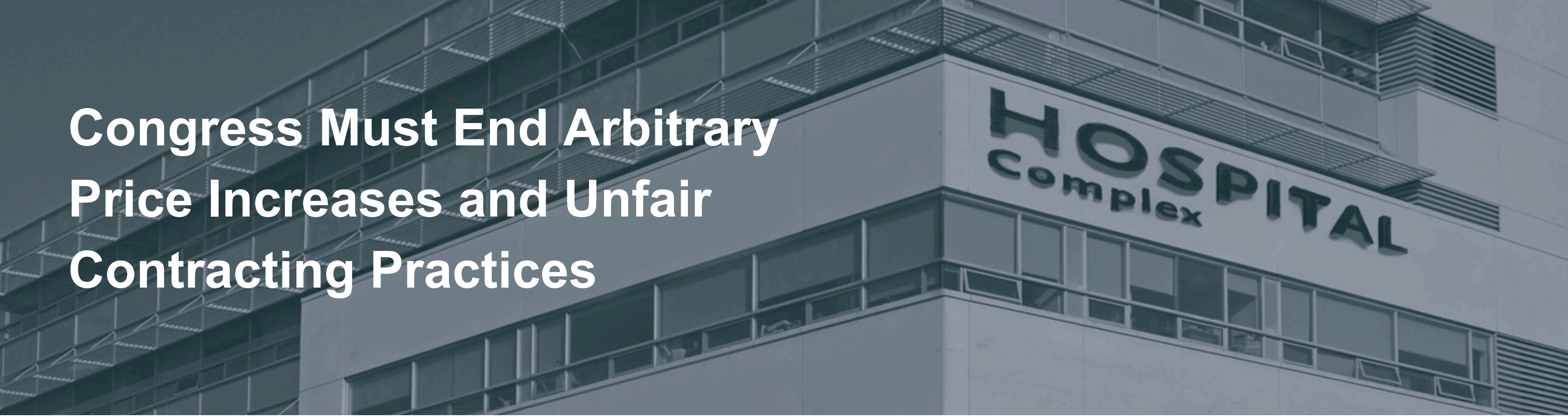


Congress Must End Arbitrary Price Increases and Unfair Contracting Practices

Hospitals Increase Prices By Simply Changing the Logo on the Door

The Problem: The cost of family coverage in employer-sponsored health plans exceeded $25,000 in 2024. That means employers are shelling out the ***equivalent of buying an economy car*** for every worker every year to pay for family coverage.[1] And, health care costs continue to rise unabated.

- **One contributing factor**: Hospitals purchase physician practices and other outpatient facilities and then reclassify the doctor's office or outpatient facility as a "hospital setting" in order to charge more money – often times by simply changing the logo on the door.

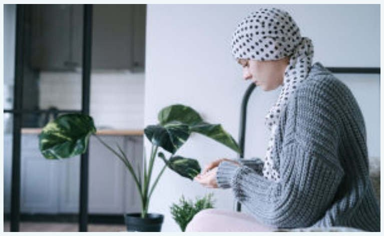
The Solution: Congress must enact legislation that will stop hospitals from reclassifying physician practices and other outpatient facilities that they own to charge higher prices, including the "Facilitating Accountability In Reimbursement (FAIR) Act" (H.R. 3417) and the "Site-Based Invoicing and Transparency Enhancement (SITE) Act" (S. 1869).

Congress must also enact Section 204 of the House-passed "Lower Costs, More Transparency (LCMT) Act" (H.R. 5378) to require each off-campus hospital outpatient department (HOPD) to obtain and use a unique identifier for Medicare billing, and we urge Congress to increase this type of transparency for employer-sponsored health plans.

Site-Neutral Payment Policies Must Be Enacted Into Law

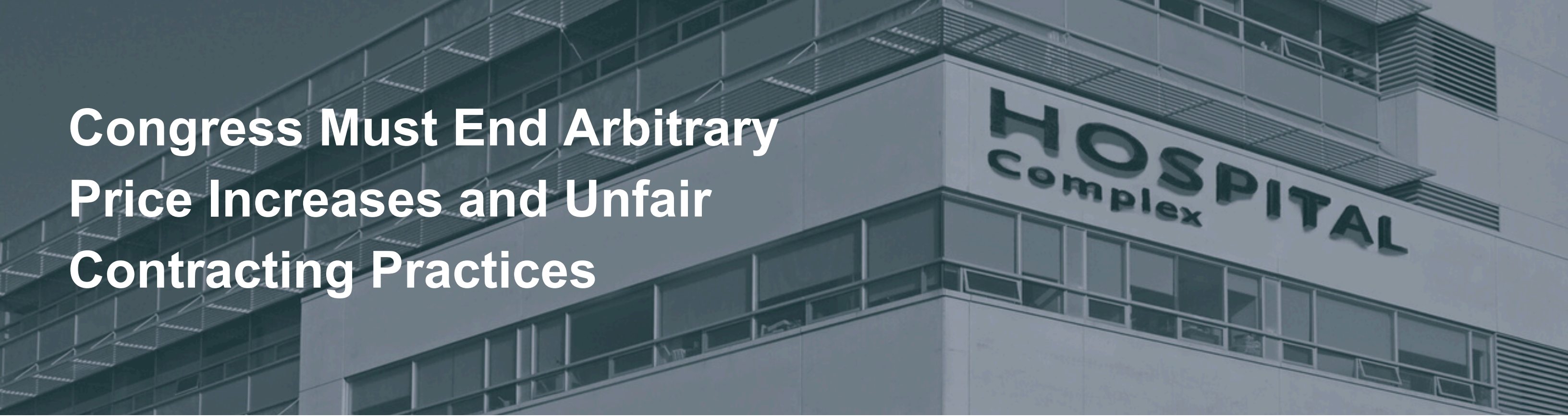
The Problem: When hospitals reclassify physician practices and other outpatient facilities that they own, hospitals mark-up the prices that were previously charged for the same health care service.

- **Case-in-point**: Cancer patients receiving chemotherapy are paying three times more in a hospital-owned clinic compared to a doctor's office,[2] and when a doctor's office is acquired by a hospital system, prices increase by 14% on average.[3]



The Solution: By enacting site-neutral payment policies, Congress would immediately crack down on industry gaming and arbitrary price increases. These policies – as already recommended by the Medicare Payment Advisory Commission (MedPAC) for Medicare beneficiaries – would ensure that patients pay the ***same price for the same health care service***, regardless of whether the service is performed in a hospital-owned clinic or at an independent doctor's office.[4]

Enacting the SITE Act would solve this problem. Congress must also enact Section 203 of the LCMT Act which would ensure that Medicare rates for physician-administered drugs in off-campus HOPDs are the same rate that is charged in independent physician offices, and we urge Congress to consider this same policy for employer-sponsored health plans.



Congress Must End Arbitrary Price Increases and Unfair Contracting Practices

Hospitals Force Employers to Agree to Unfair and Unethical Contractual Terms

The Problem: ·As hospitals continue to increase their market dominance by purchasing physician practices and other facilities (i.e., consolidating their power), hospitals use this power to force employer-sponsored health plans to agree to unfair and unethical contractual terms. For example, some hospitals will agree to participate in a health plan's network ***only if*** the employer-sponsored plan agrees to contract with other providers affiliated with the hospital.

- **Case-in-point**: Parkview Health, a not-for-profit health system in Fort Wayne, Indiana, has systematically acquired a number of competing hospitals within the region, and also purchased physician practices and other outpatient facilities, effectively allowing Parkview to (1) extract higher prices for health care services due to the health system's market dominance and (2) force employer-sponsored plans to agree to contract with facilities that are a part of the health system's network.[5]

Hospitals also demand contractual language that prohibits the employer-sponsored plan from negotiating rates with non-affiliated providers who are not a party to the contract. This means that employers are restricted from engaging in value-based contracting and offering employees who utilize high-quality or low-cost providers discounts or other incentives.

The Solution: Congress must enact the *"Healthy Competition for Better Care Act"* (H.R. 3120 and S. 1451). This legislation would promote competition and allow employer-sponsors to control costs by ensuring that hospitals (1) ***cannot*** require employer-sponsors to enter into additional contracts with hospital-affiliated providers and (2) ***cannot*** restrict employer-sponsors from entering into value-based contracts with different providers.

References

[1] Quote from President and CEO of Kaiser Family Foundation (KFF), Drew Altman in reference to KFF's recently released 2024 Employer Health Benefits Survey. You can find KFF's 2024 Survey at https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2024-Annual-Survey.pdf.
[2] See Third Way, Same Service, Same Price: Tackling Hospitals' Add-On Facility Fees, March 27, 2024 at https://www.thirdway.org/report/same-service-same-price-tackling-hospitals-add-on-facility-fees.
[3] See J Health Econ, The effect of hospital acquisitions of physician practices on prices and spending, April 22, 2018 at https://pubmed.ncbi.nlm.nih.gov/29727744/.
[4] See Medicare Payment Advisory Commission (MedPac), June 2022 Report to the Congress: Medicare and the Health Care Delivery System, June 15, 2022 at https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v4_SEC.pdf.
[5] See The Guardian, 'Unlimited dollars': how an Indiana hospital chain took over a region and jacked up prices, Oct. 17, 2024 at https://www.theguardian.com/us-news/2024/oct/17/indiana-medical-debt-parkview-hospital?CMP=Share_iOSApp_Other&utm_campaign=wp_the_health_202&utm_medium=email&utm_source=newsletter&wpisrc=nl_health202.