



Texas Employers for Affordable Healthcare

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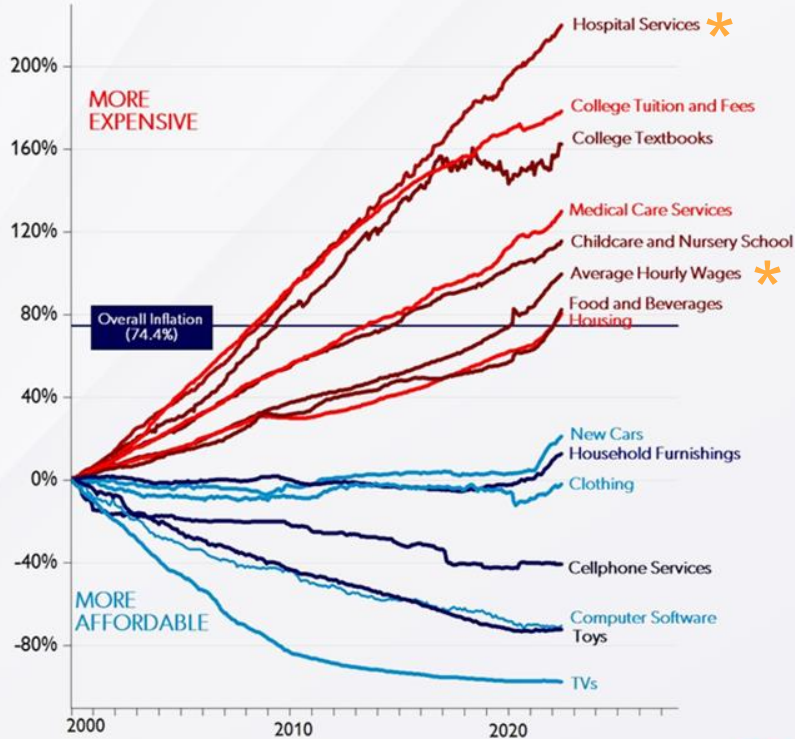
Talking Points

- The status quo is not working for employers and consumers
- We all share accountability
- Transparency is here to stay, and employers are taking notice
- Federal and state legislative “fixes” will continue
- Employers are building state and national voices
- Consumers are demanding change
- Work with us to build a better future for all, *before it gets worse for us all*

Health Care Prices are Unaffordable

Price Changes: January 2000 to June 2022

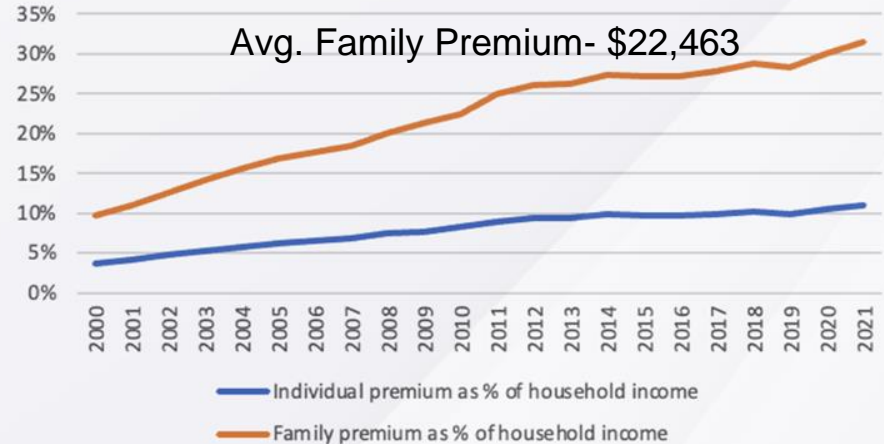
Selected US Consumer Goods and Services, Wages



Source: Bureau of Labor Statistics

Carpe Diem **AEI**

Premiums as % of income over time



Shared Accountability

- Employers
 - Lack of C-suite focus
 - Recruitment & retention fixation
 - Overreliance on consultants
 - Avoidance of innovation
- Health Plans & Consultants
 - Misaligned incentives
 - National solutions
 - Outdated FFS claims processing
- Hospitals
 - FFS vs. Outcomes
 - Revenue Cycle vs. Cost Accounting
 - Vertical & horizontal integration
 - Lack of transparency



Texas Employers for
Affordable Healthcare

The 88th Legislature is now in session. We need your support today! >>

The Texas Employers for Affordable Healthcare-Hospital Transparency Dashboard was constructed with data obtained from the National Academy for State Health Policy. This interactive tool provides the payer mix, operating profit margins, and the percentage commercial health plan sponsors pay a hospitals relative to the breakeven cost to for that hospital to provide those services to all of its patients. Graphic reports can be displayed based on a variety of filters and include individual hospital, hospital system, hospital bed size, Metropolitan Statistical Area, legislator district, and reporting year. NASHP data inputs are extracted from two separate data sources. One is a hospital's own operational data, submitted annually to comply with the Centers for Medicaid and Medicare Services Hospital Cost Report. The other is data from the ongoing RAND Corporation Hospital Transparency Study. In Texas the median commercially charged amount is 315% while the median breakeven amount is 110% of Medicare. Definitions for terms used in the dashboard can be found here.

MAKE SELECTIONS TO FILTER HOSPITAL VIEW

FILTER BY GEOGRAPHY AND YEAR

Select type of geography

Statewide

Filter geography

All

Select a year

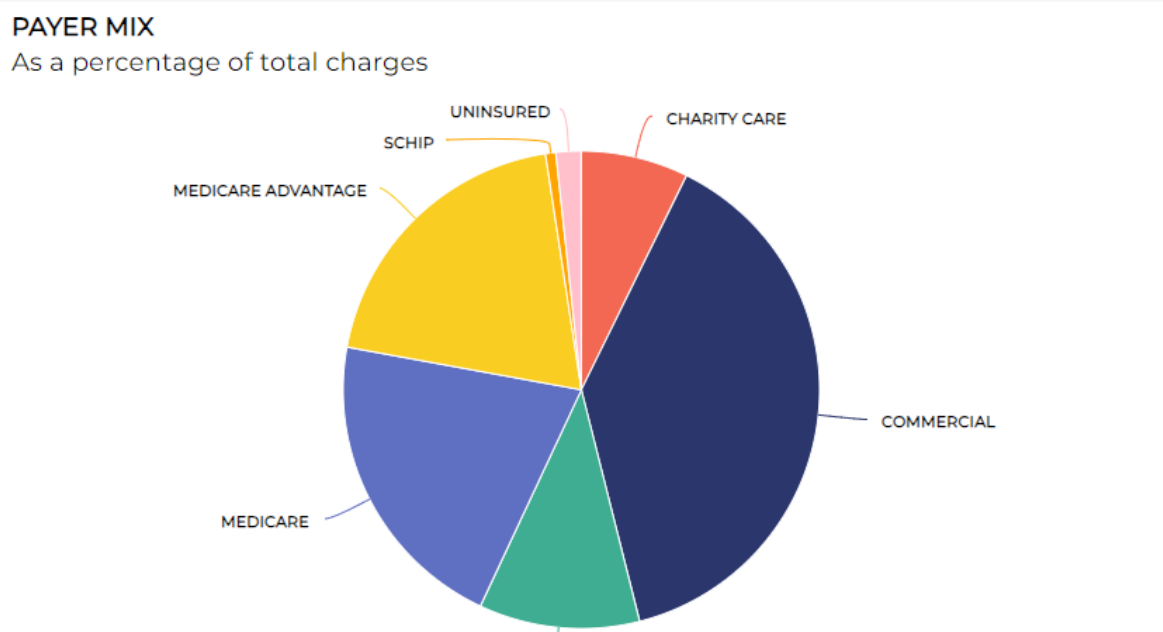
2021

FILTER BY HOSPITAL ATTRIBUTES

The 88th Legislature is now in session. We need your support today! >> X

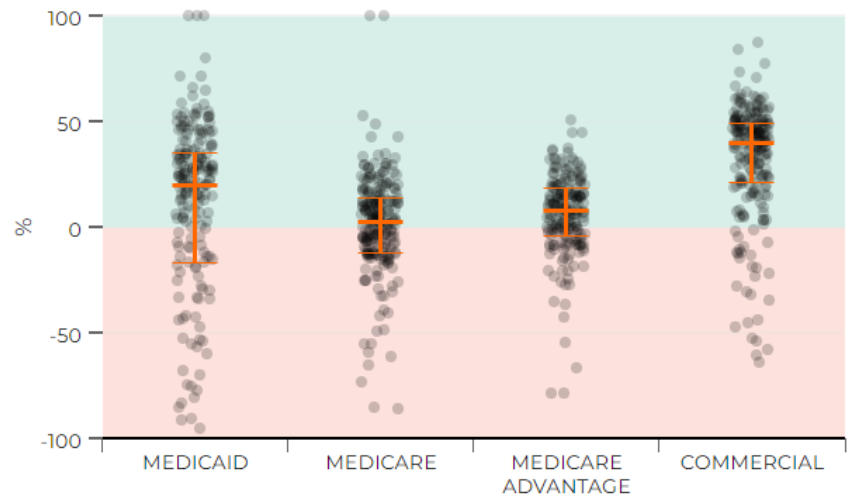
AGGREGATED DATA FOR SELECTED HOSPITALS

See data definitions here: [NASHP Hospital Cost Tool](#)

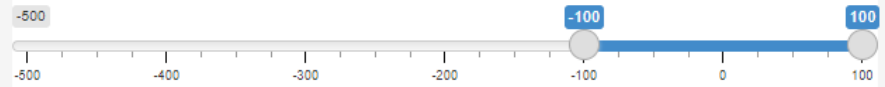


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OPERATING PROFIT MARGIN

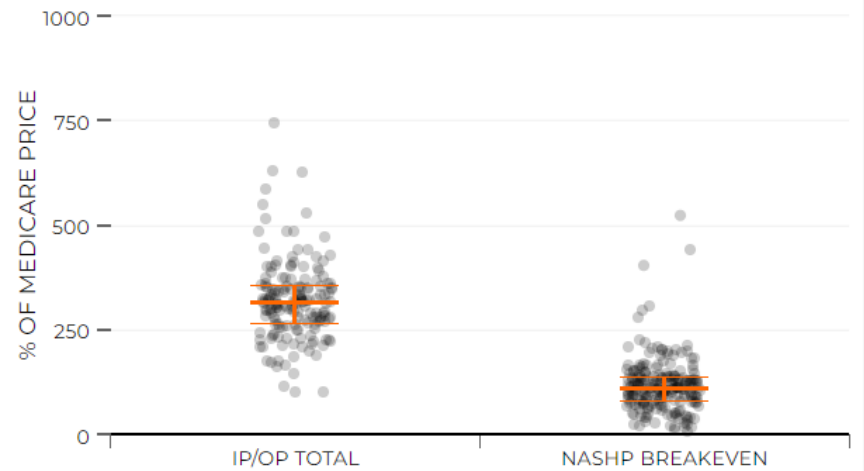


Zoom to range

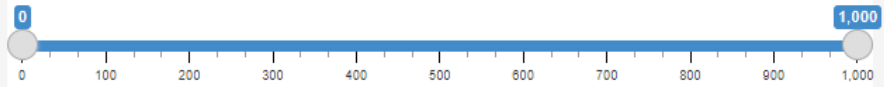


COMMERCIAL & BREAKEVEN

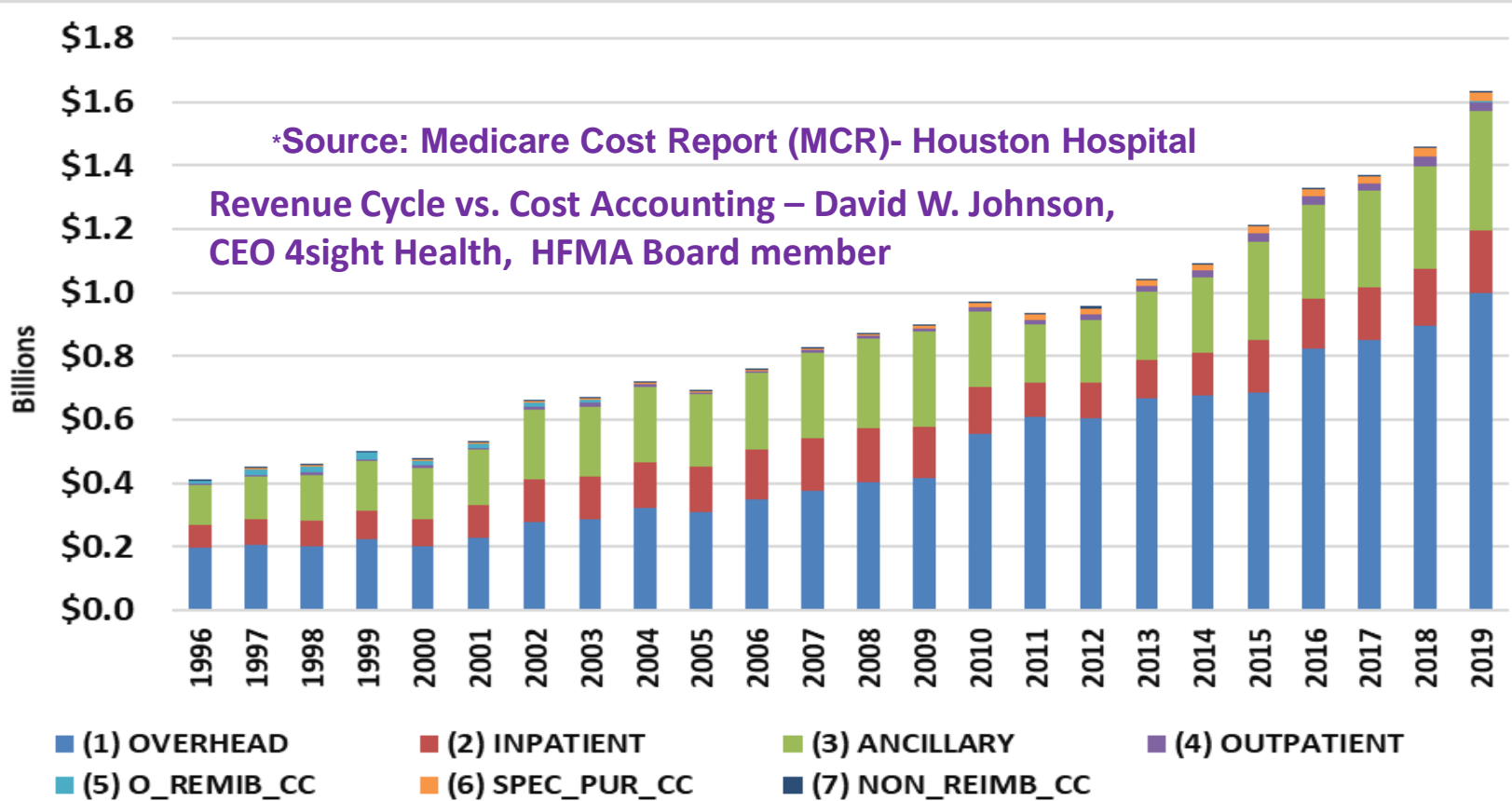
RAND 2018-2020, NASHP 2019



Zoom to range



Overhead Cost Drives Expenditures



Healthcare Prices Are Out of Control and Require a United Employer Voice

- Anti-competitive contract practices have inflated the costs of healthcare at the expense of Texas employers, their employees, and their families.
- Concentrated market power has reduced the beneficial impacts of competition, and the resulting monopoly-like power is being abused.
- Hospital prices have increased 150% more than the average worker hourly earnings in the past 20 years.
- No employer in a consolidated market has enough consumers to influence prices.
- The crisis requires legislators to pass sensible legislation to increase competition.
- **Employers who fund the majority of healthcare in Texas are the only voice that will drive meaningful legislative change.**

WHO WE ARE

Texas Employers for Affordable Healthcare is a 501(c)(4) established to mobilize employers, families and other healthcare stakeholders across the state to rein in the excessive prices paid for employer-sponsored healthcare for almost half of all Texans and almost 14 million people.

To increase transparency, prohibit anti-competitive contracts and billing, and increase oversight on consolidations and mergers.



PASSED!

TX HB711

HOUSE 146-0 SENATE 30-1

Texas 88th Legislature

An ACT relating to contract provisions and conduct affecting healthcare provider networks.

Bill Author: James Frank (R)

Cosponsors: Sam Harless R, Greg Bonnen R, James Talarico (D)

Rep. James Frank authored HB711 to encourage market competition and help employers and other healthcare purchasers combat unsustainable and rising healthcare costs.

“As nearly 50% of Texans get their health insurance through their employer, I filed this legislation to empower employers to make insurance and healthcare more affordable and attainable for their employees. When we remove predatory behaviors in the marketplace it lowers healthcare costs for all Texans.”



**Texas Employers for
Affordable Healthcare**

HB711 will prohibit the following anti-competitive practices in contracts:

Anti-Steering Clauses are used to prevent health plans from encouraging their members to utilize more cost-effective or higher quality providers.

Example of beneficial activity prevented by these clauses:

Employer to employee: Hospital A is in our network, but we prefer that you visit hospital B, which has higher quality scores and lower copays.

Anti-Tiering Clauses are used to prevent employers from developing benefit plans that encourage their employees to incentivize the use of especially high-quality/low-cost providers by providing employees with lower cost-sharing or out-of-pocket expenses if they use that subset.

Example of anti-tiering clause:

If you visit hospital A, we will waive your deductible and any other out-of-pocket expenses. If you visit any other hospital in our network, your normal \$1,000 deductible applies.

Gag Clauses keep hospitals and health plans from revealing their payment rates or other contractual provisions. Health plans use gag clauses to hide the prices they pay from competitors and clients. Likewise, hospitals use gag clauses so that other hospitals, health plans, or employers from finding out actual payment provisions of contract.

Examples of Gag Clauses <https://txeahc.org/gag-clause/>



NATIONAL ACADEMY
FOR STATE HEALTH POLICY

State Legislation

- Certificate of Need
- Community Benefit
- Competition
- Cost Growth Benchmark
- Facility Fees
- Investing in Primary Care
- Reference Rates
- Surprise Billing
- Transparency



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Federal Legislation

- Consolidate Appropriations Act
- Surprise Billing
- Facilitating Accountability in Reimbursements Act (FAIR Act)



Let's talk about Fiduciary Standards

ERISA establishes:

- Minimum standards for most voluntarily established **retirement and health plans** in private industry
- **Fiduciary standards**
- Provides participants the **right to sue for benefits due and breaches of fiduciary duty**

Hospital Fair Price

THE URGENCY OF ACHIEVING **HOSPITAL FAIR PRICE**

American Families and Businesses at a Crossroads



Charting the Course from Revenue Focus to Value Alignment

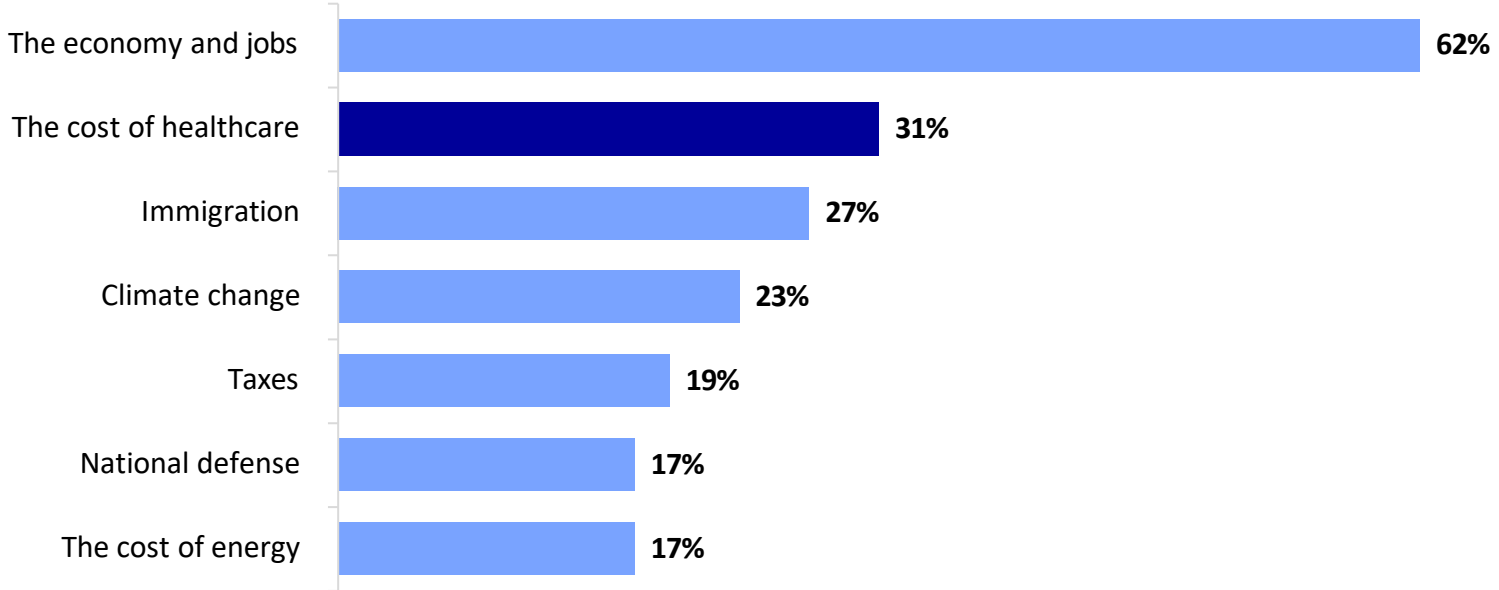


National Alliance
of Healthcare Purchaser Coalitions
Driving Health, Equity and Value

HEALTHCARE COSTS REMAIN A HIGH PRIORITY FOR VOTERS

The cost of healthcare is a top voter priority today.

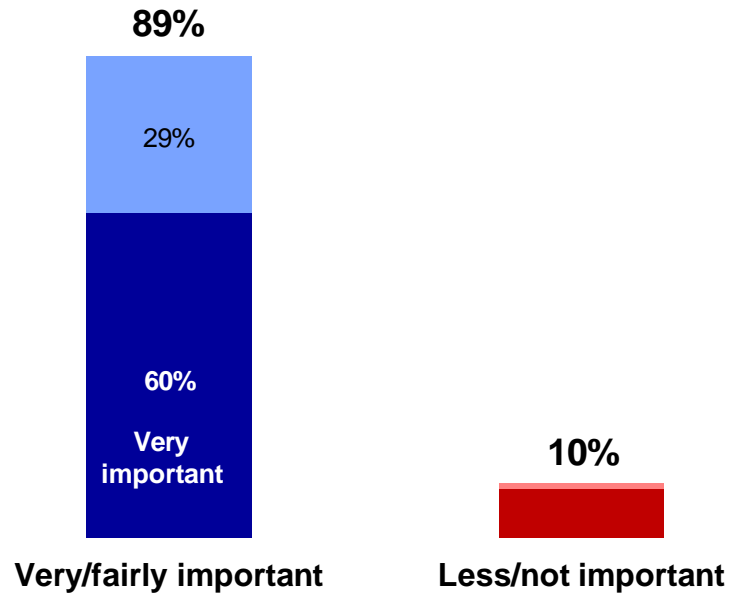
Most important issues for Congress and president to address



*

Nine in ten voters say it is important for Congress to act on hospital prices, including 60% who say *very* important.

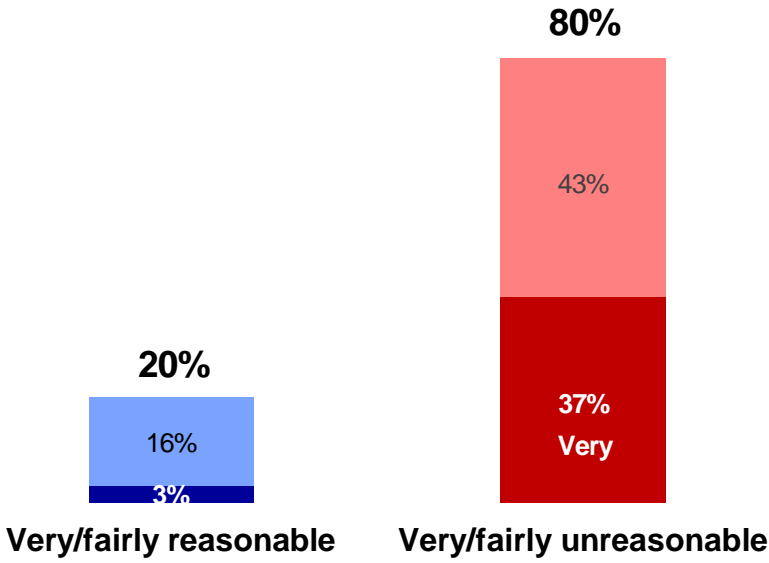
How important is it that Congress take action within the next two years to lower the price of hospital care?



	<i>Very important</i>	<i>Total important</i>
Biden voters	71	95
Trump voters	50	85
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Northeast	64	92
South	63	89
Midwest	53	88
West	60	90

Four in five voters feel that hospital prices are unreasonable.

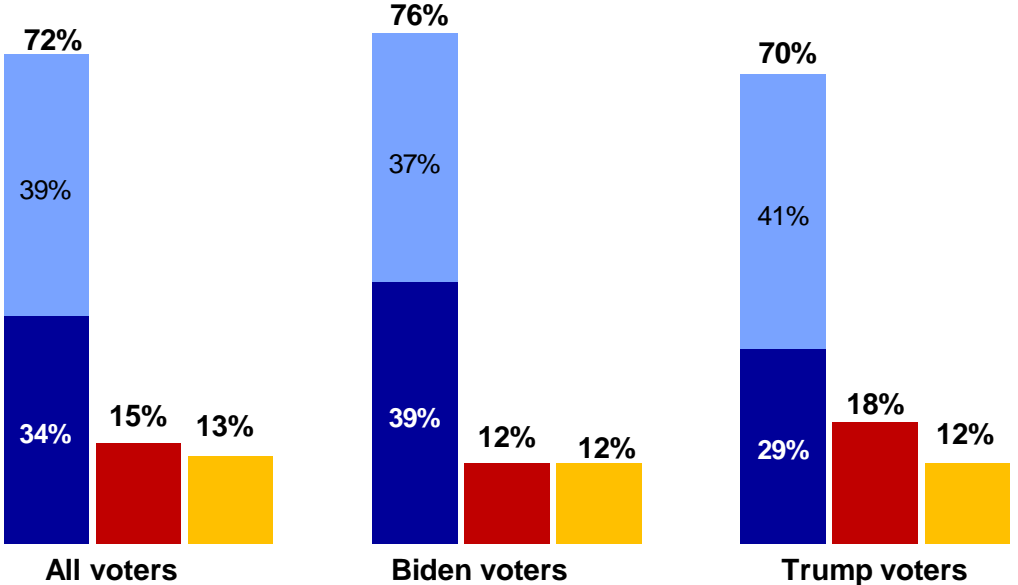
Are the prices charged by hospitals reasonable or unreasonable?



	Total reasonable %	Total unreasonable %
Biden voters	22	78
Trump voters	17	83
<hr/>		
Northeast	20	80
South	17	83
Midwest	24	76
West	20	80

More than seven in 10 voters favor limiting hospital prices to 2x the Medicare rate.

Limit what hospitals can charge for healthcare services to no more than twice the price Medicare pays.



Gallop Poll 2013-2022

Government Responsibility for Assuring Health Care for All

<u>Year</u>	<u>Yes</u>	<u>No</u>	<u>No Opinion</u>
2013	42	56	2
2022	57	40	2

Government Run or Private Insurance Preference

<u>Year</u>	<u>Government</u>	<u>Private</u>	<u>No Opinion</u>
2013	34	61	5
2022	43	53	3

Opportunities to Work Together

- Find common ground – all cannot be false
- Move from FFS to value-based payment
- Direct contracting
- Invite employers to the table
- Improved transparency



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