

Thursday, March 23, 2023

Members of the House Select Committee on Health Care Reform
Texas Capitol, E2.142

Employer sponsored insurance for a family costs, on average, [over \\$20,000](#).¹ Research is clear that the reason why we spend so much on health care is the prices."² The Health Care Cost Institute's [annual reports](#) confirm these findings in breaking down the relative impact of prices vs utilization on overall spending.³ Further research shows that the single biggest reason why prices are so high is [market power](#).⁴

As Texas organizations concerned about the rising cost of health care, we urge you to support HB 711 by Chairman James Frank. HB 711 is a relatively light touch option to address the harmful effects of excessive market concentration and market power. Unlike other proposals to address these issues, it doesn't force de-consolidation, and doesn't impose governmental rate-setting – HB 711 simply prevents entities with monopoly-like market power from abusing that market power to needlessly raise prices without any benefits to employers and – more importantly – patients. In short, HB 711 helps to level the playing field, and reduces harmful incentives for further consolidation.

Importantly, these practices are almost certainly already illegal under federal anti-trust law, but the only way to redress harms under federal anti-trust law is through a lengthy and expensive lawsuit. HB 711 creates a new mechanism to clarify exactly what contractual provisions are illegal to avoid protracted litigation.

Recent data analysis of Medicare Cost Reports submitted by hospitals to the federal government shows that even after accounting for uncompensated, under-compensated, and charity care, there is plenty of room for businesses to pay less, while still allowing health systems to make a healthy profit.⁵ Research confirms that commercial prices are high primarily because of market concentration and market power.

As labor markets continue to be highly competitive, our Texas businesses need every possible advantage. By empowering our businesses to help contain growing health care expenditures, they will be able to redirect spending on healthcare toward more attractive salaries, and more job creation through reinvestment in our companies.

¹ <https://www.kff.org/health-costs/report/2022-employer-health-benefits-survey/>

² <https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.05144>

³ https://healthcostinstitute.org/images/pdfs/HCCI_2020_Health_Care_Cost_and_Utilization_Report.pdf

⁴ https://isps.yale.edu/sites/default/files/publication/2015/12/cooper_2015_pricing_variation_manuscript_0.pdf

⁵ tool.nashp.org; <https://texas2036.shinyapps.io/TEAHC/>



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