

September 18, 2024

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

Minority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell

Dear Leader Schumer and Leader McConnell,

Health care prices remain a top concern for Americans as premiums and out-of-pocket costs become increasingly unaffordable, squeezing patients and families. The average premium for family coverage increased 47%¹ over the past 10 years. Similarly, deductibles have ballooned by 53% in the last decade, with nearly one-third of workers facing deductibles of \$2,000 or more, and out-of-pocket costs continue to climb. These escalating costs have forced families to make impossible choices between health care and other basic necessities², pushing many into debt³ and financial insecurity.

High and rising hospital prices are a primary driver of the affordability challenges patients and families face. Health care markets are increasingly consolidated and dominated by a small number of large hospitals and health systems. As large health care monopolies buy up hospitals and physician practices and limit competition, they are able to demand higher prices, increasing health care costs without improvements⁴ in the quality of care.

Consolidation and the resulting higher prices translate into higher insurance premiums for consumers. Beyond the premium increases, patients face higher out-of-pocket costs when they seek care, particularly in hospital-owned facilities. When a hospital system acquires a physician's office, the prices increase by 14.1% on average.⁵ Medicare patients are often charged two to three times more for the same routine services at a hospital outpatient department compared to an independent doctor's office. Patients with private insurance also face inflated prices at hospital-owned facilities.

The economic impact of consolidation on families is significant. Hospital mergers and higher premiums

¹KFF. (2023, October 18). 2023 Employers Health Benefits Survey.

<https://www.kff.org/report-section/ehbs-2023-section-1-cost-of-health-insurance>

²Witters, Dan. (2022, August 4). Four in 10 Americans Cut Spending to Cover Healthcare Costs.

<https://news.gallup.com/poll/395126/four-americans-cut-spending-cover-healthcare-costs.aspx>

³Lopes, et al. (2024, March 1). Americans' Challenges with Health Care Costs.

<https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/>

⁴Levinson, et al. (2024, April 19). Ten things to Know About Consolidation in Health Care Provider Markets.

<https://www.kff.org/health-costs/issue-brief/ten-things-to-know-about-consolidation-in-health-care-provider-markets/>

⁵Capps, et al. (2018, April 22). The effect of hospital acquisitions of physician practices on prices and spending. <https://pubmed.ncbi.nlm.nih.gov/29727744/>

depress wages⁶ and even lead to job loss⁷ for workers as employers struggle to keep up with rising health care costs. In the last ten years, hospital prices have increased as much as 31% nationally, now accounting for nearly one-third of U.S. health care spending and growing four times faster than workers' paychecks⁸. One analysis⁹ predicts that workers could lose between \$18,000 and \$25,000 in wages over the next decade without policy action to address rising health care prices.

The consequences of consolidation are not just financial. Hospital consolidation leads to reduced access to care and less choice for patients, especially for patients in rural¹⁰ and low-income¹¹ communities. When hospitals merge, they often cut essential but unprofitable services, forcing patients to travel farther and wait longer for care. Moreover, while hospitals often argue that consolidation can improve clinical quality, the evidence¹² shows quality of care is no better and in some cases worse in more consolidated markets.

It's time for Congress to address widespread, unchecked hospital consolidation and rein in hospital monopolies' abusive billing practices. The [Alliance for Fair Health Pricing \(AFFHP\)](#), is a non-partisan group of organizations that represent consumers, patients, businesses, and physicians. We urge Congress to prioritize patients and make good on your promises to lower the cost of health care for millions of Americans.

There are several policies Congress can pursue this legislative year that would blunt the effects of health care consolidation and increase price transparency. They include:

- 1) **Codifying hospital and insurer price transparency requirements to empower consumers, employers, clinicians, and policymakers with essential information regarding health care costs.** Transparency is pivotal in fostering competition and holding hospitals and health systems accountable for fair and reasonable pricing. Following the SCOTUS decision in *Loper Bright*, we believe that the overturning of *Chevron* serves as an additional reason for codification of both price transparency rules.
- 2) **Establishing site of service billing transparency to provide transparency over where patients receive care by requiring unique National Provider Identifiers (NPI).** This will help address the challenge of patients being charged excessively high hospital prices for care that is actually being provided in a lower-cost setting, such as off-site clinics or outpatient departments.

⁶ Arnold, et al. (2020, July). Who Pays for Health Care Costs? The Effects of Health Care Prices on Wages. https://www.rand.org/content/dam/rand/pubs/working_papers/WRA600/WRA621-2/RAND_WRA621-2.pdf

⁷ Brot-Goldberg, et al. (2024, June). Who Pays for Rising Health Care Prices? Evidence from Hospital Mergers. <https://www.nber.org/papers/w32613>

⁸ Families USA. (2024, March). The Weight of High Hospital Prices Is Keeping American Workers Underwater. https://familiesusa.org/wp-content/uploads/2024/03/VAL2023-174_IncomeInequality_v4.pdf

⁹ Families USA. (2024, March).

¹⁰ O'Hanlon, et al. (2019, December). Access, Quality, And Financial Performance Of Rural Hospitals Following Health System Affiliation. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2019.00918>

¹¹ Scott. (2022, November 28). Community Hospitals are facing an impossible dilemma. <https://www.vox.com/policy-and-politics/2022/11/28/23424682/us-health-care-rural-hospital-closures-mergers>

¹² Beaulieu, et al. (2020, January 1). Changes in Quality of Care after Hospital Mergers and Acquisitions. <https://www.nejm.org/doi/10.1056/NEJMsa1901383>

- 3) **Advancing comprehensive site-neutral payment reform.** Eliminating price differences for certain routine services (which can result in patients paying up to four times more) based on where care is delivered can help create a fairer and more affordable system for patients and reduce the incentives for large, consolidated health systems to buy up physician practices to charge higher prices.

Advancing legislation like the Lower Costs More Transparency Act, which passed in the House of Representatives with strong bi-partisan support, is a step in the right direction that would provide patients meaningful relief from high health care costs.

Americans deserve access to affordable, high-quality care. The evidence is clear about hospital consolidation's contribution to rising health care costs, and its harmful impacts on patients and families. We stand with patients in asking Congress to take immediate steps to curb unfair billing practices that are driving up health care costs. The AFFHP remains committed to working with lawmakers on both sides of the aisle to increase price transparency and combat abusive business practices that harm patients, families, employers, clinicians, and taxpayers.

Sincerely,

American Academy of Family Physicians

Families USA

American Benefits Council

The Leukemia & Lymphoma Society

Arnold Ventures

Purchaser Business Group on Health

The ERISA Industry Committee

Small Business Majority