



Testimony

Testimony Before the Texas House Insurance Committee

SB 1137 - Relating to the required disclosure of prices for certain items and services provided by certain medical facilities

by David Balat, Director of Right on Healthcare

Thank you, Mr. Chairman and Members of the committee, for inviting me to speak today. My name is David Balat, and I am the director of Right on Healthcare for the Texas Public Policy Foundation. I am a former healthcare executive and hospital CEO of nearly two decades prior to my current position; today, I hope to inform and educate the public on the ills of our current system and to offer hope that there is an opportunity for something better.

Under the last presidential administration, hospital price transparency came to the forefront by way of an [executive order](#) that was hotly contested by the hospital industry. The current Biden administration has not only supported that effort, but it has sought [to increase penalties to increase compliance](#). In addition to the federal efforts, the state of Texas codified a [price transparency law](#) in the 87th Legislature that saw unanimous support in every committee and both chambers before being signed by Gov. Abbott.

More importantly, these efforts are incredibly popular among all Americans. According to Patient Rights Advocate:

- Over 50% of Americans have received or know someone who has received an unexpected and overpriced medical bill.
- [89%](#) of Americans support requiring hospitals to post actual prices, not estimates.
- [82%](#) support strengthening penalties on noncompliant hospitals.

A [recent article](#) co-authored by my colleague at Johns Hopkins University, Dr. Ge Bai, Ph.D., stated that, “knowing hospitals’ pricing information, self-insured employers can improve their network design, create incentives, and build beneficiary support systems to steer patients away from high-price hospitals and navigate them to low-price, high-quality alternatives.”

Despite the popularity of freely available pricing, the compliance rate among hospitals is still woefully low particularly among the larger systems. Some of the examples of recalcitrance and misdirection are commonly met with frustration by patients who had a certain expectation that price transparency meant that tests and procedures would give them an expectation and consequent peace of mind when going to the doctor or hospital. Some of the things we are finding are that:

- Hospitals are focused on “estimates” rather than prices, and these estimates are highly variable depending on who you might have on the phone. One particular “good faith estimate” for a CT of the brain without contrast provided a range between \$909.30 and \$1,363.94.
- One hospital system wrote, “Please keep in mind, due to many variables for different coverage plans, your estimate may fluctuate.” However, if the hospitals were compliant with posting prices of negotiated rates, there would be no fluctuation for a particular patient on a particular plan.
- A great majority of the systems have developed price estimators that require personal information and details of their particular plan prior to disclosing the information which is contrary to the current state law.

- Oftentimes finding any information on the hospital website can be an arduous task as any information on the topic is not readily available to the general public.

You'll probably hear from the hospitals that they are compliant with the law but as you'll hear from other witnesses, there are levels of compliance. Our position at TPPF is that partial compliance is equivalent to non-compliance with the law and not serving the interests of the communities these facilities serve.

These are still significant problems that need to be resolved and I applaud this committee for giving this issue the seriousness it deserves.

I applaud HHSC for their ongoing discussion to properly implement penalties for non-compliant hospitals as was intended in [SB1137/HB2487](#) and look forward to the rule-making process in that effort. Thank you to members of this committee for continuing to be involved.

I would also like to work with the members of this committee to see about making prices available in advance of ordered/scheduled tests/procedures with at least 10 days' notice so patients and employers can make sound decisions for those they represent.

I mentioned earlier something about an opportunity for something better and I'd like to briefly share what I mean. Many employers around the country are working with advisors to find price transparent hospitals, surgery centers, laboratories, imaging service providers, and so on. These relationships among honest brokers are resulting in predictable pricing for both employer and patient. I recognize that the hospitals are saying that the information that they are putting out is too confusing for the regular lay person and that may be true today, especially given the level of non-compliance; however, price transparency stands to empower employers that want to offer their employees and their families benefit plans and options that make sense. What has been done in Texas and the other states that seek to follow in our efforts is the pinnacle first step to reform our healthcare system, and it is incredibly important that tax exempt, community-based organizations and for-profit entities alike contribute to rebuilding the public trust. ★



David Balat is the director of the Right on Healthcare initiative at the Foundation. He has broad experience across the healthcare spectrum with special expertise in healthcare finance. He is a former congressional candidate in Texas' 2nd Congressional District and a seasoned hospital executive with more than 20 years of healthcare industry leadership and executive management experience.

Balat has earned the privilege of being invited to testify before the U.S. House Committee on Oversight and Reform in Washington, D.C., and before various House committees in the Texas state Legislature. He is a published author and op-ed columnist in *Newsweek*, *U.S. News & World Report*, *Real Clear Politics*, and other news outlets. He is also an active speaker and commentator on matters of health policy.

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