



Statement for the Record

House Committee on Education and the Workforce

Full Committee Markup on bills including:

H.R. 2868, Association Health Plans Act

H.R. 2813, Self-Insurance Protection Act

H.R.824, Telehealth Benefit Expansion for Workers Act of 2023

Prepared by *Families USA*

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Chairwoman Foxx and Ranking Member Scott, on behalf of Families USA, we thank you for your work to develop legislative solutions to reduce health care costs for families.

Your focus on reducing health care costs comes at a critical time - our health care system is in crisis, too often providing poor quality care at unaffordable rates.ⁱ Almost half of all Americans report having to forgo medical care due to the cost, almost a third have indicated that the high cost of medical care is interfering with their ability to secure basic needs like food and housing,ⁱⁱ and over 40 percent of American adults – 100 million people – face medical debt.ⁱⁱⁱ High and rising health care costs are a critical problem for national and state governments, and affect the economic vitality of middle-class and working families - crippling the ability of working people to earn a living wage. Today's real wages — wages after accounting for inflation — are roughly the same as four decades ago, while employer health insurance premiums have risen dramatically.^{iv} At the same time, nearly 90% of large employers say that rising health care costs will threaten their ability to provide health care benefits to employees over the next five to 10 years if costs are not lowered.^v

We appreciated the recent discussion at the Subcommittee on Health, Employment, Labor, and Pensions hearing in April 26, 2023 entitled “Reducing Health Care Costs for Working Americans and Their Families” and look forward to continuing to partner with you as you explore meaningful ways to improve health care affordability, including by addressing dishonest billing practices that result in higher costs for consumers. However, we are also concerned that some of the bills discussed at that April hearing, and now being marked up by the full committee, do not address the fundamental causes of our health care affordability crisis. Instead, they threaten access to consumer protections and meaningful health coverage. **Families USA opposes H.R. 2868, the *Association Health Plans Act*; H.R. 2813, the *Self-Insurance Protection Act*; and H.R.824, the *Telehealth Benefit Expansion for Workers Act of 2023*.**

Proposals to improve health care affordability by expanding the prevalence of “junk insurance,” including association health plans (AHPs) and self-insured health plans coupled with stop-loss policies, and plans that cover an extremely limited set of services – in this case, only those services that can be provided via telehealth – are not viable solutions as they undermine efforts to meaningfully increase health care access and affordability for our nation's families. Ultimately, such plans leave consumers without important protections and at great financial risk -- especially self-employed individuals and small employers who are not likely to be aware of the benefit protections that they forego when they buy these plans.

H.R. 2868, the *Association Health Plans Act*, would broaden the types of plans that can be considered association health plans, allowing for the proliferation of plans that do not cover essential health benefits and leave individuals and small business owners vulnerable to becoming victims of fraud and plan insolvency. AHPs don't have to cover all of the benefits that other plans sold to individual and small businesses must cover.^{vi} In many states, AHPs are not subject to the same licensure and oversight requirements, leaving consumers at risk if an AHP is badly managed.^{vii} If that AHP experiences financial problems and cannot cover expenses, families may be exposed to financial ruin as state agencies may not be able to enforce consumer protections to ensure that their claims will be paid.^{viii} Moreover, companies that sell AHPs may try to avoid selling to businesses or populations prone to high medical expenses, focusing instead on particular businesses and geographic areas that tend to have healthy workers.^{ix} This is deeply concerning, as it can leave those most in need of coverage without any options. And it would have a cascading effect on other consumers by taking small employers who purchase

coverage through AHPs out of state risk pools, thus causing premiums to rise for other small businesses in the state.

H.R. 2813, the *Self-Insurance Protection Act*, would dramatically limit regulation of medical stop-loss policies in a variety of ways, including by preventing states from setting minimum attachment points for stop-loss. Similar to AHPs, self-insured plans are exempt from most state laws that provide important health insurance protections, including benefit mandates, requirements to cover people regardless of their health status, and protections for workers and employers from excessive financial risk.^x Minimizing oversight of these plans and preventing states from setting minimum attachment points would only perpetuate these problems, ultimately undermining meaningful efforts to provide comprehensive, affordable health coverage to families and individuals. Additionally, some small employers may not fully understand the risks of ‘level-funded’ plans. Currently, less than a third of covered workers in small firms are in self-funded health insurance plans with a stop-loss policy.^{xi} If stop loss policies are allowed to set low attachment points, they essentially function as health insurance – but without being subject to the same regulatory or benefit requirements as health insurance.

It is important to note that AHPs and level-funded plans not only pose risks to those families who rely on them for insurance, they can negatively impact families that access insurance in the traditional insurance markets by eroding risk pools.^{xii} AHP and level-funded plans do not evenly spread out the cost of insuring less healthy individuals like traditional insurers do. As a result, the “cost-savings” that supporters of AHPs and stop-loss policies claim as a benefit are actually rooted in their reliance on discriminatory practices that push families who regularly utilize their insurance coverage for things like the treatment of chronic conditions into traditional, comprehensive insurance which increases costs for the entire market.^{xiii}

H.R. 824, the *Telehealth Benefit Expansion for Workers Act of 2023*, as introduced, would provide that plans which only cover telehealth services would not have to be regulated as health insurance. While we support broader adoption and coverage of telehealth services, we have concerns that this approach to telehealth coverage would only serve to further fragment care at a time when we should be pushing toward integrated, whole person care. Carving out single services from health insurance regulations that aim to assure the population of comprehensive and non-discriminatory care and shared risk is antithetical to that goal. Further, the goal of telehealth expansion is not to entirely replace the role of in-person care, but to augment that care by improving access through affordable and high-quality telehealth options as appropriate. Under our current system of fee for service reimbursement, this bill could incentivize telehealth visits that do not provide value to the patient but do drive up costs to families and the healthcare system in general.

Conclusion

Millions of individuals and families lack access to affordable, quality health care. Congress has both the power and the responsibility to enact policy changes to address this crisis. At its core, our nation’s affordability crisis is driven by a fundamental misalignment between the business interests of the health care sector and the health and financial security of our nation’s families – a business model that allows industry to set monopolistic prices that have little to do with the quality of the care they offer. To meaningfully lower health care costs and improve affordability, Congress should focus on addressing

these high and irrational prices, which stem from trends in health care industry consolidation that have eliminated healthy competition.^{xiv}

To that end, we encourage the committee to consider legislation that would crack down on ‘dishonest billing’ practices. These practices stem from broken financial incentives in the payment structures that provide hospitals higher reimbursement rates for outpatient services than for the exact same services provided at independent physician offices. This broken financial incentive encourages health systems to buy physician practices and rebrand them as outpatient facilities in order to generate higher reimbursement and charge consumers higher prices. An analysis by Northwestern University found the price of physician services increases 14 percent^{xv} after a hospital purchases a physician practice. The result is higher premiums, higher copays, and higher deductibles for families and individuals. This broken incentive is ripe for Congressional oversight and action.

Families USA appreciates the leadership from members of the committee on Education and the Workforce on improving health affordability. We look forward to continuing to work closely with the Chairs and Ranking Members of both the full committee and the Subcommittee on Health, Employment Labor, and Pensions to ensure all families have access to quality, affordable health and health care. Please contact Jane Sheehan, Director of Federal Relations at Families USA, JSheehan@familiesusa.org, for further information and to let us know how we can best be of service to you.

ⁱ Emma Wager, Jared Ortaliza, and Cynthia Cox, How Does Health Spending in the U.S. Compare to Other Countries?, Peterson-KFF Health System Tracker, January 21, 2022, <https://www.healthsystemtracker.org/>. See also, Nisha Kurani, Emma Wager, How does the quality of the U.S. health system compare to other countries?, Peterson-KFF Health System Tracker, September 30, 2021. <https://www.healthsystemtracker.org/>.

ⁱⁱ NORC at the University of Chicago and West Health, Americans’ Views on Healthcare Costs, Coverage and Policy, March 2018 <https://www.norc.org/NewsEventsPublications/PressReleases/Pages/survey-finds-large-number-of-people-skipping-necessary-medical-care-because-cost.aspx>

ⁱⁱⁱ 6 Naomi N. Levey, 100 Million People in America are Saddled with Health Care Debt, Kaiser Health News, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>

^{iv} Drew DeSilver, “For Most U.S. Workers, Real Wages Have Barely Budged in Decades,” Pew Research Center, August 7, 2018, <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-fordecade>. See also, Gary Claxton et al., Health Benefits in 2022: Premiums Remain Steady, Many Employers Report Limited Provider Networks for Behavioral Health. Health Affairs, October 27, 2022. https://www.healthaffairs.org/stoken/tollfree/2022_11_CLAXTON/full

^v 8 “Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds,” Kaiser Family Foundation, April 29, 2021, Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds | KFF

^{vi} “Final Rule Rapidly Eases Restrictions on Non-ACA-Compliant Association Health Plans”, Health Affairs Blog, June 21, 2018. DOI: 10.1377/hblog20180621.671483

^{vii} National Academy for State Health Policy, *The New Association Health Plan Rule: What Are the Issues and Options for States*. <https://nashp.org/the-new-association-health-plan-rule-what-are-the-issues-and-options-for-states/>

^{viii} Protect Our Care, *Reminder: Association Health Plans Have Long History of Fraud and Unpaid Claims*, <https://www.protectourcare.org/remind-association-health-plans-have-long-history-of-fraud-and-unpaid-claims/>

^{ix} Ibid.

^x Kaiser Family Foundation, *2022 Employer Health Benefits Survey*. October 27, 2022. <https://www.kff.org/report-section/ehbs-2022-section-10-plan-funding/>

^{xi} Ibid.

^{xii} USC-Brookings Schaeffer Initiative for Health Policy, *Taking a Broader View of 'Junk Insurance'*. July 2022. https://www.brookings.edu/wp-content/uploads/2020/07/Broader-View_July_2020.pdf

^{xiii} Center on Budget and Policy Priorities, *Association Health Plan Expansion Likely to Hurt Consumers, State Insurance Markets*, March 7, 2019. <https://www.cbpp.org/research/health/association-health-plan-expansion-likely-to-hurt-consumers-state-insurance-markets>

^{xiv} 2 Robert A. Berenson et al., *Addressing Health Care Market Consolidation and High Prices*, The Urban Institute https://www.urban.org/sites/default/files/publication/101508/addressing_health_care_market_consolidation_and_high_prices_1.pdf. See also, Naomi N. Levey, "100 Million People in America are Saddled with Health Care Debt," Kaiser Health News, June 16, 2022, Health <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>

^{xv} <https://www.ipr.northwestern.edu/our-work/working-papers/2015/ipr-wp-15-02.html>