



Communities Winning the Fight Against Corporate Hospital Pricing Abuses



People should not be prevented from accessing medical care when they need it, but due to the high cost of health care, approximately one in three Americans report that they often skip medical visits or tests and are unable to fill their prescriptions.¹ A staggering 4 in 10 U.S. adults currently have debt due to medical bills.² As an important health equity issue, unaffordable health care most impacts those who already face enormous barriers to accessing care, including people of color.³

To make our health care system affordable and accessible to all who use it, we urgently need policy reforms, including those aimed at corporate hospital pricing abuses. Many hospital chains have become monopolies in their regions by merging with competing health care providers. In fact, over the past 25 years, there have been approximately 1,600 hospital mergers,⁴ and the vast majority of hospital markets in our country are currently highly consolidated.⁵ This has resulted in decreases in patient choice, dramatic increases in hospital prices, and oftentimes

APPROXIMATELY



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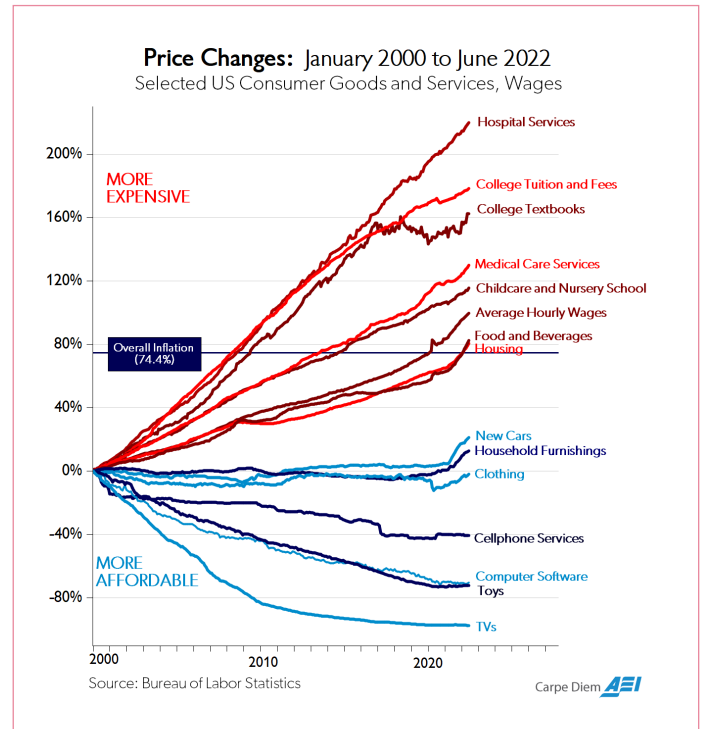
decreases in quality (or lack of improvement in quality).^{6,7} Hospital prices have increased dramatically as compared to other living expenses (Figure 1), and in fact, experts estimate that hospital consolidation costs the average family with employer-sponsored health insurance \$1,000 a year.⁸

A beacon of hope, however, emerges as consumer advocates, employers, labor unions and insurers unite, building effective political power bases in opposition to corporate hospital interests, resulting in replicable wins at the state level.

Tactics advocates can use to fight corporate hospital pricing abuses

In response to corporate hospital pricing abuses resulting in exorbitant medical bills, advocates are organizing, fighting back and winning. Effective tactics utilized in states like Indiana, Maine, Colorado and many others provide adaptable strategies that advocates can put into action. Across the U.S., consumer advocates from across the political spectrum are collectively pushing policymakers to change predatory corporate hospital business models and create economic incentives that are in line with the health and financial wellness of families.

Figure 1. The Increase In Hospital Prices Compared To Other Living Expenses



Source: Perry, Mark. 2022. "Chart of the Day . . . Or Century?" American Enterprise Institute - AEI. July 23, 2022. <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-8/>.

The documentary [InHospitable](https://inhospitablefilm.com/) is an inspiring story highlighting how consumers and labor unions organized to fight UPMC, a multibillion-dollar hospital in western Pennsylvania, and won.

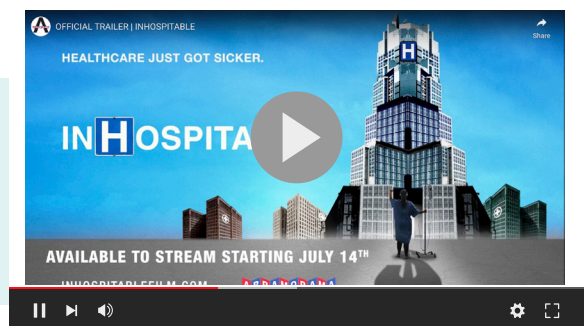


Image source: <https://inhospitablefilm.com/>.



STATE SPOTLIGHT: INDIANA

Indiana employers, insurers and consumer advocates take on hospital monopolies

Indiana has some of the highest health care costs in the country, in large part due to the cost of hospital care. Hospital mergers in the state have created regional monopolies⁹ that are exploiting their market power as big health care corporations to inflate patient bills.

With the cost of health care so high, small businesses and other employers in Indiana are struggling to provide health insurance for their employees, a trend seen throughout the U.S., and is a particularly pressing issue in the state.

Knowing that they had to do something to rein in health care costs, organizations operating in Indiana banded together, including the National Federation of Independent Business, Employers' Forum of Indiana, Indiana Manufacturers Association, insurers such as Elevance Health, and many others. They shared compelling data with policymakers and the local press, including reports demonstrating that Indiana could save \$2 billion if hospitals were required to unveil and reduce health care prices. They also deployed persuasive messaging¹⁰ focusing on how the cost of health care made it too expensive for small businesses to provide health insurance for their employees.

Outcome: HB 1004¹¹ successfully increases hospital pricing transparency in Indiana

Aimed at the state's five biggest nonprofit health systems — Indiana University Health, Ascension, Franciscan Health, Parkview Health and Community Health Network¹² — HB 1004 established a price benchmark for hospitals and created a task force to study a range of issues related to health care costs in the state and to recommend ways to reduce them. Additionally, hospitals are now required to use a unique identifying number for billing purposes, known as a national provider identifier, or NPI,¹³ so that insurers can see if it is appropriate for hospitals to charge additional facility fees¹⁴ for services received at locations off-site from the hospital.

“Year after year, independent research using real insurance claims data demonstrates that hospital care in Indiana is incredibly expensive. ... Our state does not have enviable health outcomes, yet Indiana employers and health plans pay among the highest hospital fees anywhere in the country.”

— Gloria Sachdev, president and CEO, Employers' Forum of Indiana

Employers' Forum of Indiana. “RAND 4.0 Hospital Price Transparency Study Finds Indiana Hospital Prices Among the Highest in the Nation,” (May 2022) <https://employersforumindiana.org/rand-4-0-hospital-price-transparency-indiana/>.



STATE SPOTLIGHT: MAINE

Maine creates task force to review hospital industry practices

In Maine, shockingly high facility fees, like those described by resident Sierra Kent, and the insurance claim denials for hospitals services pushed patients to their limits,¹⁵ forcing constituents to demand action from policymakers.¹⁶ Health insurance issues were already of interest to the local news media, which were covering MaineHealth’s announcement that it would discontinue accepting Anthem health insurance,¹⁷ creating access barriers for many residents, and policymakers paid attention to this significant press coverage on the issue. Consumers for Affordable Health Care, Maine Purchasers Alliance and others organized to take action and help consumers, along with a strong, passionate champion, Maine Senate President Troy Jackson.¹⁸

One effective tactic was consumer polling showing that most Mainers believe that they are just one major medical event away from a financial disaster and that they support policy solutions to the issue.¹⁹ Another effective tactic was storytelling.²⁰ The stories and relationships made the issue “real” for state policymakers, and hearing directly from constituents was critical, influencing policymakers to act.

Outcome: LD 1795 authorizes task force to study impact of facility fees and to make recommendations²¹

“I went to the emergency room at Northern Light EMMC for suspected appendicitis. Before going to the ER, I consulted with several of my doctor friends, and they recommended that I visit the ER because it could be a matter of life and death. Once I was at the ER, I spent all but a few minutes in the waiting room. I was given an IV with antibiotics and some Tylenol. For a split second, I was brought into an exam room while a doctor pushed on my stomach. I wasn’t in the exam room for more than five minutes. When I got the bill for the ER visit, the total bill was over \$9,000, \$4,605 of which was a facility fee charge. The balance for me to pay after insurance was \$2,507 ... which I can’t pay right now. This is so stressful. ... If I had known the bill was going to be \$9,000 ... I would have done something differently.”

— Sierra Kent, Maine resident

131st Maine Legislature, First Special Session. “An Act to Create Greater Transparency for Facility Fees Charged by Health Care Providers to Establish the Task Force to Evaluate the Impact of Facility Fees on Patients,” Public Hearing Testimony, May 11, 2023, LD 1795, SP 720, Text and Status, 131st Legislature, First Special Session (mainelegislature.org)



STATE SPOTLIGHT: MAINE CONTINUED

LD 1795 directs the Maine Health Data Organization to create and publish an annual report on payments for facility fees in Maine and establishes a task force to evaluate the impact of facility fees on patients. The task force will review industry practices for charging facility fees, consider how these funds are used and the impact of these fees on patients, review federal transparency requirements regarding cost of treatment for hospitals and health insurance carriers, and make recommendations to the Legislature.

Gov. Janet T. Mills and the Maine Legislature unanimously supported the bill, demonstrating that they had heard the needs of residents in their state and are committed to improving health care cost transparency in Maine.

Preparing for the opposition's response when the task force's work is done

During consideration of the bill, hospital systems employed a messaging strategy to fight against reforms, saying that any attempt by government to lower prices would force them to “close numerous services all across the state.”²² A vital part of Maine’s overall economy, hospitals are the second-largest industry by revenue in the state, generating \$8.4 billion in 2022.²³ To counter this message, advocates analyzed hospital financial reports and presented data that pushed back on the notion that hospitals would have to close, and advocates fought back when hospital lobbyists claimed that hospital finances were “very complicated.” For example, when hospitals pay their corporate leadership tens of millions of dollars a year in compensation,²⁴ that becomes part of their bottom-line costs at the expense of families’ financial security. Reining in corporate pricing abuses is about making hospitals responsive to the needs of their communities and encouraging hospitals to provide care that is affordable rather than reducing services.

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STATE SPOTLIGHT: COLORADO

Colorado coalition takes action and increases protections for consumers

Coloradans are seeing similar hospital consolidation trends in their state, resulting in dramatically higher prices for consumers.²⁵ As a result, consumer advocates have organized, forming a coalition that includes over 20 organizations, including Colorado Consumer Health Initiative, Small Business Majority, Centennial State Prosperity, United States of Care, Protect Our Care, Colorado Children’s Campaign and the Colorado Center on Law and Policy.

Tactics that have brought about positive changes in hospital pricing are multidimensional and focus on raising awareness with data, humanizing the problem, and developing legislative champions. Specific tactics that worked in the Colorado fight include:

- » **Identifying** political champions to lead the charge for health care cost reforms.
- » **Creating** a consumer-driven diverse coalition of partners.
- » **Amplifying** patient stories, like the story of Kevin Kruse, who was charged multiple fees for outpatient visits.²⁶
- » **Polling** for public opinion to show wide support for reforms regardless of political party.
- » **Keeping** a strong presence at the state capitol and keeping the governor’s office informed.
- » **Connecting** consumers directly to legislators whenever possible.
- » **Providing** a sample medical bill that included charges like facility fees for policymakers to review.
- » **Circulating** a petition.
- » **Highlighting** research showing that mergers have led to increased costs for consumers.
- » **Organizing** press events to raise awareness and drive public support.

Collectively, these actions led to the passage of state bill HB 23-1215, signed by the governor in May 2023. The new law prohibits health care providers from collecting a facility fee from patients for preventive services, requires providers to give patients notice at the time of appointment if they do charge a facility fee, and requires providers to provide a standardized bill to patients that specifically lists facility fees.²⁷

“Hospital systems have been buying up practices ... and so many consumers have started to see these hidden charges on their bills, sometimes called facility fees, on top of what patients are already paying for the cost of their medical services. The amounts of these fees can vary widely from hundreds to thousands of dollars, and often in excess of the medical care itself ... and it makes it impossible for families to budget or plan for their healthcare expenses.”

— Rep. Emily Sirota, Denver

Colorado lawmakers are targeting hospital facility fees. Here’s why that’s a big deal,” (March 1, 2023) <https://coloradosun.com/2023/03/01/colorado-hospital-facility-fees-prices/>.



Conclusion

The predatory pricing practices of corporate hospital monopolies are resulting in soaring costs for hospital services, impacting the financial well-being of employers and families. To rein in hospital pricing abuses, it is critical for consumer advocates to build a political power base as a counterweight to hospital interests and ensure that people are at the center of decision-making, as opposed to corporate greed.

By using effective tactics, such as those utilized in Indiana, Maine, Colorado and elsewhere, consumer advocates can organize, fight back and deliver the policy solutions consumers need. Advocates need to bring consumers, labor unions and employers to talk with state representatives and to testify at state hearings, conduct polling with constituents, produce reports showing the positive financial implications of reforms, be prepared with counter messaging, energize the local press, find strong political champions, and partner with a diverse set of consumer advocates, employers, insurers and others. If we use these proven tactics, we can create a nation where the best health and health care are affordable and equally accessible to all.

Endnotes

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¹⁴ Facility fees are the extra charges tacked on by hospitals when they provide services in an outpatient location. For

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Our health care system has become so focused on dollars that it undermines the best interest of patients. We need to dramatically rethink how we deliver care so that the focus is on positive health outcomes for patients rather than an endless flow of bills.

People First Care is a series of publications that addresses the systemic problems in health care payment and delivery that drive unaffordable, low-quality care and poor health, and lays a blueprint for reorienting the health care system to deliver health and affordable, high-quality care for all.

People First Care Series

This publication was written by:

Yael Lehmann, Senior Director of Strategic Partnerships, Families USA

The following Families USA staff contributed to the preparation of this material
(listed alphabetically):

Sara Brandenburg, Communications Coordinator
Justin Charles, Digital Media Associate
Laurn Dunkwu, Partnerships Intern
Nichole Edralin, Associate Director, Design and Publications
Kasey Hampton, Senior Manager of Storytelling and Engagement
Lisa Holland, Senior Communications Manager
Aaron Plotke, Senior Policy Analyst
Tony Viardo, Senior Director, Communications

The following professional contributed to the preparation of this material:

Erin Pinkerton, Editor



1225 New York Avenue NW, Suite 800, Washington, DC 20005
202-628-3030 info@familiesusa.org FamiliesUSA.org facebook / FamiliesUSA twitter / @FamiliesUSA