

# FAIR HEALTH PRICES

## WASHINGTON

July 30, 2024

Chair Sue Birch  
Health Care Cost Transparency Board  
Submitted via email to: [hcahcctboard@hca.wa.gov](mailto:hcahcctboard@hca.wa.gov)

### **Re: Washingtonians Seek Strong Action from the Health Care Cost Transparency Board**

Dear Chair Birch and Members of the Health Care Cost Transparency Board:

Thank you for your important work to measure and mitigate rising health care spending. We write on behalf of the many Washington patients, consumers, and businesses that are increasingly unable to access health care in our state because of high, variable, and growing prices.

**As the Cost Board continues to consider its strategic priorities, we ask you to focus the majority of your attention on bold, systemic policy levers that will stabilize and drive down costs for Washingtonians, while maintaining quality and access. As detailed below, such measures should include: (1) ensuring an actionable spending benchmark, (2) engaging with price variation and related modeling, and (3) delving into impacts from consolidation.**

The Cost Board was formed in 2020 to analyze and manage Washington's health care cost growth. Though the Cost Board set an appropriately assertive benchmark spending schedule, health care costs have continued to rise unabated in the years since the Board's work began. Some stakeholders seek to draw the Board's focus toward the welfare of health care entities, some of which may struggle financially due to their own business decisions, such as acquisitions they cannot efficiently manage. While it is important to understand these trends, ultimately the Cost Board is accountable to Washingtonians purchasing health care, who face an urgent affordability crisis that requires action.

### **Here are the health care cost facts that matter to Washingtonians:**

- **Health insurance premiums and deductibles have risen significantly, far outpacing inflation and wages.** Cost Board analysis shows [staggering growth in premiums and deductibles](#) from 2002 to 2020, and the problem has only gotten worse in recent years. Individual market premiums have risen by over [8% in 2023](#), [9% in 2024](#), and a proposed [11% in 2025](#). There are new signs that despite Washington's significant progress in expanding coverage, some Washingtonians are now priced out of the market: WA's Office of Financial Management has indicated that [uninsurance is now rising again](#).

- **Patients are skipping needed care and facing economic hardship due to health costs.** A forthcoming 2024 survey of over 1,000 Washingtonians shows the profound impact of rising health care costs. Over 1 in 2 people surveyed (57%) delayed or deferred needed care due to cost in the past year. A startling 31% of those surveyed reported current medical debt in their household, showing that past surveys have dramatically undercounted medical debt by focusing narrowly on debt in collections, as opposed to other forms of debt such as unpaid credit cards. And it's no wonder that Washington's families have such high rates of medical debt given the rise of new hidden charges, such as the 39% who reported being charged for hospital facilities fees. The survey will give a fuller picture of the ways that such medical bills destabilize the Washington households surveyed, many of whom resorted to using money from food, heat, or housing budgets (30%) or using up all or most of their savings (30%) to pay medical bills.
- **Small businesses can't thrive due to rising health costs.** In a 2023 survey of 65 Washington small businesses, small business owners reported that [high health costs have constrained growth](#) (39%), hiring (25%), and led to price increases for goods/services (37%). Over half of those surveyed no longer offer insurance to their workers. These findings are consistent with broader surveys - for example, the National Federation of Independent Business has identified [health care costs as the top concern of small businesses](#) for decades.
- **Washingtonians encounter vastly variable and inflated health care pricing.** Recent analysis from [RAND 5.0](#) and the [Washington Health Alliance](#) offers insight into the high and variable pricing that confound Washington purchasers. Both analyses show that on average, commercially insured Washingtonians pay over 2.5 times for hospital care than what the federal government has determined is a fair price for Medicare. The Alliance analysis shows that [some hospitals charged nearly 7 times](#) the Medicare price. Though some may point to similarly inflated prices elsewhere in the country, this is no excuse: expert analysis has found that Washington hospitals can break even financially at roughly 1.5 times the Medicare fair price. In a state where the majority of hospitals are nonprofit or publicly-owned, we should be able to do better - particularly because independent analysis indicates that 40 of Washington's nonprofit hospitals [received more in federal tax breaks](#) than they provided in community benefits.
- **High health care spending is not improving quality, outcomes, or equity.** U.S. health care [spending is almost twice the average](#) of other wealthy countries, but our [health care quality ranks last](#) among wealthy countries on access, equity, efficiency, and mortality. Among the states, Washington is still [lagging behind peer states](#) when it comes to quality and there are [deep quality disparities](#) for some communities. An estimated [30% of WA health care spending is on low-value](#) care, administration, and other inefficiencies. This crowds out needed investments in primary care, behavioral health care, and public health. That has real consequences for Washingtonians: our state would have more resources for issues like [addressing racial/ethnic disparities](#) and [preventing needless mortality](#) if spending were directed differently.
- **Delayed or deferred care has public health costs.** When patients delay or forgo necessary health care due to cost, their health conditions often worsen, leading to [more acute](#) and [costly medical interventions down the line](#). This increased demand on health systems can overwhelm resources, reduce the quality of care available, and increase public expenditures on health emergencies that could have been prevented with timely care.

- **Rising health care prices have broader economic consequences.** Rising health care prices have a broader macroeconomic impact. Data shows that [rising health care prices raise the cost of labor](#) by increasing employer-sponsored health insurance premiums.

**These facts demand our urgent attention. Rising health care costs are draining our communities and economy. We recommend the following next steps for the Cost Board:**

We support the Cost Board’s interest in marshaling data and policy information about how states can address the most egregious symptoms of our health care affordability crisis, such as unwarranted facilities fees or draconian medical debt practices. We encourage the Cost Board to expedite data inquiries that could round out our understanding, such as the underinsurance and employer affordability surveys required by [2ESHB 1508](#). We also appreciate the Cost Board’s role in educating our health care stakeholder community about concerning practices, such as the fact that [Washington law permits debt collectors to charge patients up to 50%](#) of the principal for debt arising from public hospital care and [garnish wages and savings](#).

But the Cost Board cannot lose sight of its unique role in recommending policies that address the *root causes* of high health care spending.

**The Cost Board should focus primarily on assertive policies that can rapidly stabilize or lower actual health care expenditures for Washington consumers, businesses, and the state. There is no room for further escalation beyond the benchmark.** Transparency alone is not sufficient, in the face of mounting evidence from reputable state and national data sources that show out-of-control prices, including data self-reported by health care entities. The Cost Board should use its data and analytical expertise to consider these and other policies that could deliver meaningful relief for Washingtonians:

- **Ensure an actionable spending benchmark.** Develop an accountability plan for providers and insurers that fail to meet benchmark goals, with attention to: (1) entities’ financial holdings such as excess surplus and nonprofit tax preferences, and (2) how accountability could carry through to actual consumer costs when they purchase insurance or access care. Similarly, identify and accelerate best practices of providers and insurers that have been able to cut costs in line with the benchmark *without* cutting valuable care. If there are data challenges that impede these goals, the Cost Board should surface such challenges.
- **Engage with price variation and related modeling.** Partner with other expert entities like the Alliance to continue exploring price variation for hospital care and other health care services. Consider evidence from states that have pursued innovative payment models such as reference pricing and global payments to stabilize prices. Review data about how these efforts have impacted cost, quality, and access. Review forthcoming modeling from the Office of the Insurance Commissioner’s Phase 2 Affordability Study to inform Washington’s potential pathways.
- **Delve into impacts from consolidation.** Continue to analyze the role of consolidation in Washington’s changing health care cost landscape. Develop and review state-specific data to

determine whether Washington's consolidations resulted in improved or diminished access and affordability.

Thank you for considering these comments. We stand behind the Cost Board in pursuing bold answers to our affordability challenges and look forward to continuing to support your critical work. Please contact [emily@nohla.org](mailto:emily@nohla.org) with any questions.

Sincerely,

### **Organizations**

Children's Alliance  
Dollar For  
Economic Opportunity Institute  
Health Care Is a Human Right - Washington  
Health Care for All - Washington  
NFIB  
North Seattle Progressives  
Northwest Health Law Advocates  
Patient Coalition of Washington  
Pro-Choice Washington  
Purchaser Business Group on Health  
Retired Public Employees Council of Washington (RPEC) Executive Director  
Seattle Indivisible  
SEIU Healthcare 1199 NW  
Washington CAN  
Washington #insulin4all  
Washington State Labor Council  
Washington State Nurses Association  
United States of Care

### **Individual Leaders**

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