



SUPPORT HB 1123/SB 5083

LOWERING COSTS & INCREASING CARE FOR PUBLIC & SCHOOL WORKERS



High health care costs are threatening affordability & access for many Washingtonians, including public workers. The Legislature can take action to contain and rebalance these costs.

THE PROBLEM: HEALTH CARE COSTS ARE RISING AND LOPSIDED

Like other Washingtonians, state & school workers face rising health costs. PEBB & SEBB plan proposed rates have increased ~6.5% on average every year since 2021. That means higher premiums & out-of-pocket costs for workers and higher costs for the state.

High hospital prices are a major contributor to the problem. PEBB & SEBB plans pay hospitals more than twice what the federal government says is a fair price for Medicare (2.1 - 2.9x). Experts say 1.5x is sufficient to break-even.

Fewer resources remain for primary care & behavioral health. High prices for some services crowd out investments in preventive care that can slow cost growth over time. For example, PEBB & SEBB plans only pay behavioral health providers about 1.1x the Medicare rate.

HCA projects that rebalancing PEBB & SEBB health spending could yield over \$400 M in state cost containment between FY 2025 - 2029.

THE SOLUTION: REBALANCE HEALTH SPENDING TOWARD NEEDED CARE

Evidence from Oregon shows how “reference pricing” can rebalance our health spending. In 2019, OR limited payments to hospitals to 2x the Medicare rate in state employee plans. This saved \$100M+ in state spending in 2 years while maintaining access and reducing patient out-of-pocket costs by 9.5%. There was no evidence of cost-shifting to other markets.

HB 1123/SB 5083 would leverage this proven model:

- Sets a reasonable limit on how much PEBB & SEBB pay for hospital inpatient services: 2x the Medicare rate in 2027 (phasing down to 1.9x in 2029), with a higher payment limit for children’s hospitals (3.5x the Medicare rate in 2027, phasing down to 3x in 2029).
- Sets minimum payment levels for certain rural hospitals (cost-based + 1%) and community-based primary care and behavioral health services (at least 1.5x the Medicare rate).
- Ensures continued hospital participation & requires HCA reporting on progress.

HCA projects 2-3% lower enrollee premiums annually, plus lower out-of-pocket costs for hospital visits.



Help make health care more affordable for Washington!
Visit fairhealthprices.org for more information.