



Testimony

Testimony to Texas House Select Committee on Health Care Reform

by David Balat, Director, Right on Healthcare

Thank you, Mr. Chairman and Members of the committee, for the invitation 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.

I'm here today to talk about an issue that affects all Texans, and that is how to make healthcare more affordable.

According to CMS, [National Health Expenditures](#) grew 9.7% to \$4.1 trillion in 2020, or \$12,530 per person, and accounted for 19.7% of Gross Domestic Product (GDP). Thirty-one percent or nearly \$1.3 billion went to paying for hospital care alone and that number continues to climb.

Revenue growth for hospitals has grown year over year since 2010 largely due to [consolidation](#), all while the overall number of hospitals has decreased due to [closures](#), particularly in Texas. According to another [report](#) from Mercatus, 90% of Americans are living in non-competitive markets where hospital systems have become more and more powerful. This type of environment is, by definition, less competitive and therefore more expensive for the communities these hospital companies serve (many as non-profit, tax-exempt organizations).

This is exactly why hospital price transparency came out of each committee and chamber in the 87th Legislature with unanimous consent and was ultimately signed by Gov. Abbott.

The bipartisan work on behalf of patients to prioritize price transparency has been an important first step in making hospital care a more competitive market and ultimately more affordable. Aside from the disappointing start with hospitals dragging their feet becoming compliant, prices are being posted and some benefit is being realized due to the work of various organizations and the diligence of employers that seek to identify high-quality & low-cost providers of care. Organizations such as ours have been able to identify a large amount of variability of pricing for a procedure type within the same hospital. We have also seen considerable reimbursement variability across many hospitals in a given region from the same insurer for the same procedure type. The single biggest obstacle we have found is that there is no consistency in billing from hospital to hospital in order to determine the overall price for a procedure.

As important as it has been, particularly with the organizations that have complied with the law, the information is still difficult for the patients and employers to navigate. The reason why is because of a tactic referred to as unbundling.

Many of you have heard of the Surgery Center of Oklahoma that provides bundled pricing that includes facility, surgeon, anesthesia, and other services needed, but I'd like to introduce you to some new names that find their home in the state of Texas:

- Green Imaging is a cash-based imaging provider with average cash prices of \$250 for CT scans and \$450 for MRI scans.
- Texas Medical Management is an ambulatory surgery center company, among other things, that is patterned much like the one in Oklahoma. They started here in Austin, expanded into Houston, and will soon be opening a facility in Dallas. I've provided an example of their price list of bundled procedures for you to review.

The complaint I often receive is that surgery centers are not hospitals and don't have the same cost structure, so they are able to provide procedure prices whereas hospitals are not. My personal experience tells me otherwise, but thankfully I don't have to rely on what I know to be true because we have examples of hospitals in Texas and other states that are successfully implementing this model: Family Hospital System offers up-front pricing similar to the other organizations I have discussed and have posted their bundled prices on their website. They also include discounted cash pricing for imaging, and you have an example of that as well as I've provided a copy for your records.

Understanding that the majority of hospitals function in non-competitive markets, it is not their competitors that they are hiding their prices from—it is the communities they serve. What we hope to see in the 88th Legislature is an improvement on what has already been done. Because we now have evidence that it can be done, we believe patients and employers should know the price, not the estimate, of scheduled procedures so they have the opportunity to compare against other facilities. I must stress that this would not apply to urgent or emergent services but only those services that are scheduled in advance, which represent the majority of services offered.

The No Surprises Act already requires a good faith estimate for scheduled services but the range of prices in these estimates render them meaningless and far from being in “good faith” (see example provided). I look forward to meeting with each of you as session draws nearer in order to make prices readily available and healthcare more affordable. ★

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