

## **Health and Human Services**

To: Chairman Jim Morrison and the Honorable Members of the House Health and Human Services Committee

Subject: HB 3011: The Kansas Health Care Price Transparency Act

### **Introduction:**

My name is Beverly Gossage and I am here today to express my support for HB 3011, the Kansas Health Care Price Transparency Act. I am an HSA/HRA Specialist and Co-Director of the Health Division of Olympic Financial Marketing, a health insurance agency licensed in 35 states with a home office in Overland Park.

I am here today because I am concerned about how escalating health care costs have affected Kansans. Medical Provider Price Transparency will help lower health care rates for everyone; especially those with HSA qualified plans. Over 90% of the insurance policies, both group and individual written by Olympic agents have been Consumer Driven Health Care plans. These clients pay for their first dollar benefits and want to find the best price for a service. They also recognize that once they meet the deductible, the insurance company will pick up the tab. Higher prices for health care are ultimately passed on to all consumers in the form of higher premiums. These purchasers of HSAs want to be wise consumers by shopping the price of certain procedures. They can only do this if the prices are available. This bill, HB 3011, has the capacity to assist all Kansas citizens by helping them be aware of the true cost of health care.

### **Purpose:**

The purpose of this bill is to introduce a method for controlling the staggering growth of health care costs and escalating health insurance premiums.

### **How will Transparency in Health Pricing help with the Rising Cost of Health Care?**

Last week in D.C., I met with *Roy Ramthun, Special Assistant to the President for Economic Policy*. We discussed current and pending legislation to address the increasing burden of health spending on the U.S. economy. Two of the initiatives that were mentioned were to promote more tax breaks for HSAs and to require Health Care Price Transparency. Bills have been introduced in both houses of Congress to require price transparency. Similar legislation has been passed in six states and pending in others, including Ohio.

This legislation is being driven largely due to the rising popularity of Health Savings Accounts (HSA). 3.2 million Americans now have an HSA and the Department of the Treasury has estimated that with the President's initiatives this number will increase to 21 million by 2010. HSAs are high deductible health plans that lower premiums and allow the insured to make tax free contributions into a savings account to pay for services prior to reaching the deductible. Since owners of HSAs no longer pay copays, they becoming wise consumers and are asking for information about the true cost of medical procedures as they plan for expenses.

As reported on [kaisernetwork.org](http://kaisernetwork.org), The House Energy and Commerce Subcommittee on Health on Wednesday of last week held a hearing on the potential effects of increased price transparency for health care providers. Joe Barton, the committee chair said, “Instead of a marketplace, we have a system that prevents patients from seeing how much their health care services actually cost. The health care system hides prices and it blurs quality.”

Newt Gingrich, founder of the Center for Health Transformation, stated, “Health care is the only area of America’s economy where the consumer and the provider have no idea what the goods and services they trade cost.”

Rep. Mike Burgess wrote in the Washington Times on 3/16, “A more transparent pricing system would help give providers and patients more control over their health care dollar. Patients with portable health care dollars that can be paid at point of service are extremely attractive to most health care providers who normally have to wait for an insurance company to reimburse them.” He adds “the opportunity to plug into a fully transparent system would transform the American health care system in a radical manner, improving care for all Americans, rich and poor.”

By introducing the concept of “*Health Care Price Transparency*” to the medical profession, we allow economic competition to assist in lowering the cost of medical procedures.

Websites such as [www.cashdoctor.com](http://www.cashdoctor.com) and [www.healthygrades.com](http://www.healthygrades.com) are beginning to list health care providers’ prices.

The President’s office reported on Friday that in the next few months the administration intends to post online the prices that Medicare pays for common medical procedures as part of a larger initiative to disclose price and quality data. According to the *Washington Post*, in the next few months the government also will post online rates negotiated by the Defense Department and the Federal Employees Health Benefits Program.

Knowledgeable consumers, like HSA owners, communicate more with their physicians and they ask questions.

### **Conclusion:**

We need to require the health care providers in Kansas to provide health care costs, both the retail price and the discount price as negotiated by the preferred provider networks. We support HB 3011.