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**Statement of Wayne Nelson, President
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**Submitted to the Kansas House of Representatives
Health and Human Services Committee**

In support of H.B. 3011, the Kansas Health Care Price Transparency Act

Tuesday, March 21, 2006

Chairman Morrison, members of the committee, I would like to submit a statement on behalf of the members of our organization in Kansas, in support of H.B. 3011, the Kansas Health Care Price Transparency Act.

My name is Wayne Nelson. I serve as national president of Communicating for Agriculture and the Self-Employed (CA). CA is a national, non-profit rural organization made up of farmers, ranchers and rural small business members across the country. Throughout CA's 33-year history, we have always been an active and strong advocate on behalf of our members for more affordable health care, access to health insurance, and for improved rural health care quality.

We strongly urge the Kansas Legislature to take the same step other legislatures are taking across the country to require that hospitals, clinics and health care providers develop lists of standardized pricing for common health care procedures -- and make them readily available to the public. Transparency in health care pricing is crucial task that must be done to provide more effective accountability for health care costs for consumers, employers, tax payers and the government.

The promise of the new wave of "consumer-directed" health care -- which relies on the use of high deductible health insurance plans and a greater role for consumer oversight of their health care spending -- is dependent upon consumers being able to shop and compare when spending their own out-of-pocket dollars.

For too long, hospital and medical bills have been a mystery for patients to understand -- and a shocking mystery at that, because of their size. We understand that there are many operational costs that are part of a particular medical procedure. But that is no reason for keeping average

charges hidden or unobtainable by the public when people need to make decisions about their health care.

Recent news reports and studies from other states illustrate the wide range of charges hospitals and providers bill for procedures.

- A recent Wall Street Journal story (Dec. 27, 2004, “California Hospitals Open Books, showing huge price differences”) documented how a study had found a wide variance in prices charged. It cited an example of the generic version of Tylenol billed at \$5, \$5.50, \$7, and \$9 for just one pill at different California hospitals, but just 12 cents at one Los Angeles hospital and free at others. A standard, front and side view chest X-ray was priced at \$125 at San Francisco General hospital, but cost twice that at another Bay area hospital that is part of a nonprofit chain; while two hours away in Sacramento another hospital charged over \$400, and yet another charged \$790.
- A Las Vegas Review Journal story (May 15, 2005, “Expensive Place to get Sick: Hospital stays cost most here”) documented how data compiled by state health care agencies and Select Quality Care from Medicare found that an open heart surgery involving a heart valve replacement carried a list price of \$88,273 at Cleveland Clinic, which is recognized as the top heart care center in the world. However, at five Nevada hospitals, the same procedure’s charges ranged from \$156,953 up to \$233,259. Yet at the renowned Mayo Clinic in nearby Phoenix, Ariz. The same operation cost \$79,601.

While these are examples from other states than Kansas, more research continually finds there is a wide variance among hospital charges everywhere. It makes sense that state policymakers take action to require health care providers to develop standardized charges and make them widely available for payers. And those standard procedures and charges need to be made as easy as possible for the general public to understand.

Wisconsin, California, and Minnesota are among states where legislatures have moved to make this requirement. In Wisconsin, the price comparisons were first made available through the state Bureau of Health Information. Since then, the Wisconsin Hospital Association has taken over responsibility for the program, and launched a website. It can be found at www.wipricepoint.org. The program provides price comparisons for about 470 different kinds of hospital stays. There is also a link to another site with some quality and safety comparisons of some hospitals.

We believe Kansas needs to join other states that are taking action to require more transparency in health care charges. Doing so will enable consumers to make more informed decisions about which providers to use. It may also help bring the levels of cost-shifting going on behind the scenes more out in the open, and bring more discipline to the marketplace.

Methods for health care cost comparisons should be developed with the input and expertise of the health care providers organizations, as well as independent academic experts, insurance industry payers, and government public health program payers – to develop a workable system and apples-to-apples comparisons as much as is possible.

These standard pricing systems are being done elsewhere, and it makes sense for Kansas to get started as well. Health care consumers in Kansas will benefit.

We urge you to approve H.B. 3011.

Thank you.

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