Addressing provider affordability
Hospitals and health systems hinder access to affordable health care

The problem

Supporting access to high-quality, affordable health care is a collective responsibility of every stakeholder in the health care system.

However, when hospitals employ obstructive practices, such as charging employers and private insurers an average of **224% more**[1] than what they charge Medicare for the same services, they hinder access to affordable health care.

The data

In 2022, **38% of Americans**[2] delayed medical treatment **because of cost**, the highest percentage in 22 years—a tragic reality that demands immediate legislative action.

Provider consolidation[3] has resulted in **increased health care costs** without delivering improvements in the quality of care or patient outcomes.

On average, hospitals charge **478% of their purchase cost for these 20 specialty drugs**,[4] leaving employers and hard-working **families to pick up the cost**.
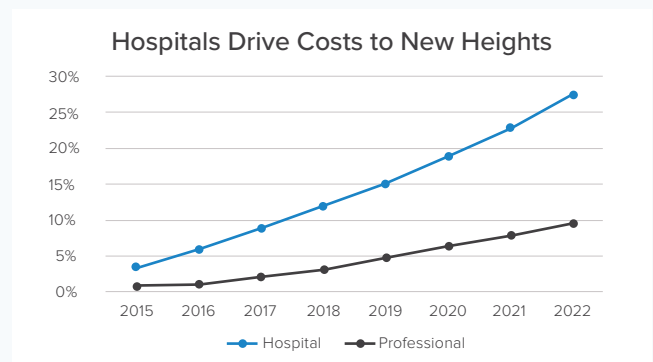

Hospitals Drive Costs to New Heights

Figure 5

Regence's own internal data shows rising unit costs over time (cumulative). Hospital health care services well surpass services provided by individual professionals (see above).

The policy solutions

Health insurance premiums reflect health care costs. When hospitals and health systems demand higher prices for care, those costs are reflected in higher premiums.

The high cost of medical care is squeezing everyone. The growing burden of rising hospital costs must be addressed by lawmakers to advance affordable health care by looking into four policy areas:

Improve transparency

Transparency ensures accountability within the health care industry and promotes competition to incentivize hospitals to offer fairer, more affordable pricing.

Promote competition

Anticompetitive contracting practices by health systems increase prices[6] and decrease access to affordable, high-quality care for patients.

Ensure honest billing practices

Charging facility fees for telehealth or physician office visits that are not conducted at the hospital is unfair, raises hospital prices[7] and creates a barrier to affordable health care.

Address hospital markups

Prices should reflect cost, efficiency and quality. However, some health systems and hospitals are charging more than double for services[8] and specialty medications.[9]

Sources

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3: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6170097/

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Figure 5: source – Regence provider unit cost contract tracking.

6: https://bettersolutionsforhealthcare.org/bigger-but-not-better-hospital-mergers-increase-costs-and-do-not-improve-quality/

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