



Containing Out-of-Control Costs – Suggestions from Bill Hammond

Description

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In a [recent op-ed](#) published by the Dallas Morning News, Bill Hammond, chief executive of Texas Employers for Insurance Reform, outlined one of the biggest problems faced by employers today: the rapidly increasing cost of health care.

As a businessman, former legislator, and current advocate for insurance reform, Hammond knows exactly what escalating health care costs mean for employers and employees. And he's not alone in his assessment that rising health care costs are a large part of what has made health insurance unaffordable and what is risking the health and well-being of Texans.

Despite efforts by health plans to hold down the cost of premiums, the cost of health care is high and still rising. As the prices of health care services like hospital stays, medical screenings, and prescription drugs continue to increase, the price of insurance has to go up to cover these costs.

While everyone knows that health costs are escalating, it may be surprising just how much. In the United States, average per capita health care

spending [increased by more than 18%](#) from 2014-2018, to \$5,892. [Texas had a 14%](#) increase in spending during this same time, becoming the 14th most expensive state at \$6,110 per person.

Some may feel that increasing health care costs are an inevitable reality in which nothing can be done, but Hammond outlines three areas where costs can be curbed, and TAHP supports these efforts.

First, we should “mirror CMS by relying upon [prior authorization to stop providers](#) who are motivated by financial considerations.” Prior authorizations are a powerful protection for patients who suffer significant health risk from over-utilization and, as Hammond put it, “a last-ditch attempt to stop unjustified medical care.”

The Texas Association of Health Plans supports the continued use of [prior authorizations as a way to protect patients](#). Just as doctors use scientific evidence to determine the safest and most effective treatments, health insurance providers rely on this same data and evidence to ensure patients are receiving safe, effective care. In fact, Texas law already requires that tools like prior authorization be based on nationally recognized, evidence-based clinical standards that have been developed by the medical community.

Bills seeking to eliminate or severely limit the strategic use of prior authorizations should be rejected.

Second, we should “empower Texas state agencies to better protect the public by bolstering their abilities to pursue allegations of fraud and prosecute health care providers who recommend unnecessary health care for financial reasons.”

The need for increased protection against unfair billing schemes has been starkly demonstrated in recent months with some providers taking advantage of the current COVID crisis. While COVID testing provides many recent examples of price gouging, fraud, upcoding, and other egregious billing

practices, excessive prices and improper—even fraudulent—billing are not new and need to be addressed.

Third, the state should “regulate the business of medicine and broaden current medical gouging laws to stop health care overcharging.”

Texas law does not provide sufficient consumer protections against excessive charges or improper billing on claims for medical and health care services and supplies. Provider licensing agencies need more clear regulatory and enforcement authority to address excessive and unconscionable pricing and improper billing practices.

Rising health care costs are not a problem we can’t afford to ignore and there is an opportunity this legislative session to address some of these cost drivers directly while not adopting policies that make price accountability more difficult. Hammond’s commentary shows us three places to start.

To learn more about how health care costs are affecting Texans and to read TAHP’s recommendations, visit our [Lowering Health Care Costs](#) page.

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