

February 4, 2022

The Honorable Robert D. Orrock, Sr.
Pocahontas Building
900 E. Main St.
Richmond, VA 23219

Dear Chairman Orrock and Members of the Committee,

My name is Katy Talento, and I am a Loudoun County mom and a small business owner. In those capacities, I'm a purchaser of health care. Further, my business, AllBetter Health, helps employers reduce healthcare costs for their businesses and employees by directly contracting with price transparent, affordable health care providers. Prior to these roles, I served as Special Assistant to President Trump as the lead health advisor on his Domestic Policy Council at the White House. It was my job to advance President Trump's goal of looking out for the forgotten men and women going up against the powerful special interests of the health care industry.

I am writing to ask for your support of HB 481 hospital price transparency legislation, currently before the Committee on Health, Welfare and Institutions. This proposal would codify in the Commonwealth the centerpiece of President Trump's health care agenda -- the hospital price transparency rule -- while strengthening it to be even more effective for Virginia healthcare consumers.

This legislation and the Trump rule follow a basic principle: Health care consumers deserve to know real prices before care so that they can shop for less expensive alternatives and have financial certainty. President Trump recognized that transparency is the key to empowering consumers and reducing ballooning health care costs that are burdening so many Virginians and other Americans. I hope that you will recognize the same.

In November 2019, U.S. Health and Human Services finalized this [hospital price transparency rule](#), which requires hospitals to show their actual prices, including all contracted rates with insurers and cash prices. With this information, patients and employers can finally take control of their healthcare choices, avoiding hospitals that overcharge in favor of high-value alternatives. Ensuing healthcare savings can be redirected to family budgets and employee wages that are under increasing strain in today's inflationary economy. Unsurprisingly, hospital price transparency is supported by an overwhelming, bipartisan majority of around [90 percent](#) of Americans. Having fought hard to spearhead this policy on behalf of President Trump, I can tell you that this issue is the least partisan and most popular issue I ever worked on in my 20 year career in health policy.

HB 481 also dramatically *improves* on the Trump administration rule by clarifying that hospitals are not allowed to produce patient-specific, plan-specific out-of-pocket cost estimates in lieu of *real* prices on 300 common, "shoppable" services. You will hear from the hospitals that they're already complying with the federal rules and so this bill isn't necessary. This is false. Instead, many hospitals nationwide are skirting the spirit of the federal price transparency requirements by offering just *estimated* prices for treatments, and *only* after patients enter their identifying information and insurance information. Unfortunately, these estimates don't show the consumer the prices offered to other payers, and they don't provide patients with the ability to shop or the financial certainty needed to empower them to lower their healthcare costs. The interactive tools are designed to keep as much pricing information *secret* as humanly possible. These cost estimates are also burdensome for consumers to access, and often violate patients' privacy in the process. HB 481 fixes this

consumer nightmare by requiring *real* price transparency - the *whole* price and not just one particular patient's out-of-pocket cost - and also how that price compares to other plan prices, government program prices, or the cash price. That's the information that consumers have in every other industry, and they should have it in health care, where it matters the most.

Full hospital price transparency is needed in Virginia now. Virginians are contending with skyrocketing hospital costs that are impacting family budgets, reducing business earnings, suppressing employee wages, and saddling Virginians with debt. A recent [RAND study](#) of hospital pricing by state found that Virginia hospitals charge employer-sponsored insurance plans, on average, 285% of the Medicare rate (commonly used as a benchmark for the cost of providing care) - more than 15% higher than the national average. The study also showed that Virginia hospital facility fee charges (as opposed to provider fees) are the seventh highest in the U.S. Price variation across hospitals in the state is dramatic - from just under two times the Medicare rate, to just under four times the Medicare rate. Another [study](#) found that ten Virginia hospitals, including three in the state capital of Richmond, marked up their list prices between 800-1,400 percent. Hospitals might argue that "nobody pays list prices" - but uninsured or cash-pay patients are often charged the list price, and negotiated rates for insured patients are based on a so-called "discount" off those list prices, so the higher the list price price, the higher the negotiated rate and associated cost-sharing for patients. If patients had price information to compare across hospitals, they could avoid being ensnared by crippling medical debt by simply choosing a different hospital in the same town. Employers could further exclude that hospital from their network and save millions every year. This is the power of transparency.

When you hear industry lobbyists bemoaning that hospitals are impoverished charities simply trying to survive, you might ask them why so many of them are wasting time and energy pursuing small medical debts through predatory lawsuits against their poorest patients. According to the [Urban Institute](#), 27 percent of Virginians -- and 39 percent of Virginians of color -- have medical debt in collections. Thousands are sued each year by their hospitals for unpaid debt, having their assets seized, liens placed on their homes, and wages garnished. Indeed, a 2019 Johns Hopkins [study](#) of more than 100 Virginia hospitals, published in the *Journal of the American Medical Association*, reported that almost *half* (48 percent) of hospitals in the Commonwealth sued patients who couldn't afford their bills, and more than a third of all hospitals garnished wages - all to collect, on average, less than \$3,000 per patient! Those hospitals had higher price markups on average and half of them promised on their websites to treat regardless of ability to pay. These garnishments represented less than 0.1 percent of the hospitals' annual revenue.

The victims of these hospitals include ordinary patients like Wanda Brooks, who is a single mom from Fredericksburg who worked 16 hours a day caring for the elderly as a nursing assistant. She had a lapse in health insurance when her premiums became unaffordable. One day, she developed a headache one day from the stress of work. The assisted living facility she works for insisted she go to the local hospital before allowing her back on the job. She underwent a CAT scan and MRI, both of which were unnecessary overtreatment for her symptoms, at Mary Washington Hospital in Fredericksburg. The hospital kept her overnight then sent her a \$8,000 bill, which included a 4-fold markup on the scan prices.

When she couldn't afford to pay the bill, the hospital sued her and garnished her paychecks. The nonprofit hospital, which pays no taxes, refused to lower her bill, even though its website brags it "takes care of all those in need, regardless of their ability to pay." Wanda's "nonprofit" hospital has garnished the wages of 20,000 people over the past several years, the entire population of Fredericksburg is fewer than 30,000. Wanda [explains](#) that if she had known the price of her care beforehand, she never would have agreed to treatment.

You will hear the hospitals arguing that HB 481 is unnecessary because they already are complying with similar federal price transparency laws. If that were true, then what's the harm of matching those rules at the Commonwealth level? The truth is they're not complying and they want to keep it that way. The federal hospital price transparency rule took effect in January 2021, yet according to [numerous studies](#), most hospitals around the country, including in Virginia, refuse to comply. The Biden administration has yet to issue any fines to all these noncompliant hospitals, but it's only been one year since the rules took effect. It appears that many hospitals have made a business decision risk paying modest penalties (between just over \$100,000 for the smallest hospitals and up to \$2 million for the largest hospital systems) rather than compete openly and fairly for patient and employer business. HB 481 provides another tool in the enforcement toolkit to compel hospitals to disclose their prices to consumers, significantly increasing price transparency in the state.

I can tell you from first-hand client experience that direct contracting for care using upfront prices can produce dramatic savings for businesses and their employees - between 20-40 percent in Year 1 for my employer clients at AllBetter Health. We have a lot of specialized expertise and access to industry tools to help our clients find price data that allows us to steer patients to lower-cost sites of care. But most employers, unions and other purchasers of health care who want to steer their patients to lower-cost sites of care have to pay some middleman for access to proprietary pricing data in order to know where to find fair prices. Can you imagine if we all had to pay a third party to find prices for airfare, kitchen appliances, or groceries so that we could shop in advance for the best price? All health care consumers deserve to survey real prices and choose the best option like my clients. Healthcare price transparency -- as outlined by this law -- will achieve this vision and allow residents to protect themselves from hospital overcharging that is all-too-common under today's opaque system.

Some may worry that requiring price transparency is meddling in private price contracts and overregulating the free market. The problem is that those secret pricing contracts between insurers and hospitals bind purchasers who never signed the contracts - employers, unions, and taxpayers are obliged to those secret prices, against their will. A system where sellers hide their prices from buyers is neither "free" nor a "market." This legislation can position Virginia as a national leader in lowering health care costs by creating a transparent playing field for buyers and sellers - free-market, pro-consumer principles that don't cost taxpayers a dime.

On behalf of all Virginia healthcare consumers, please support HB 481 and consider co-sponsoring the legislation if you haven't already. A [full list](#) of arguments commonly offered against price transparency and rebuttal to those arguments can be found here. I am happy to discuss this issue further with members of the committee, and can be reached at katy@allbetter.health. Thank you so much for your support.

Respectfully,

A handwritten signature in blue ink, appearing to read "Katy Talento", with a long horizontal flourish extending to the right.

Katy Talento
Former Special Assistant to the President for Domestic
Policy, 2017-2019
CEO AllBetter Health
Loudoun County Mom