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Healthcare Affordability in the United States: A Call for Stronger Reinforcement on Price Transparency

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I. ABSTRACT

Medical expenses constitute a majority of United States citizens' financial concerns, with four in ten adults reporting debt due to medical or dental bills. Billing is at the heart of the unease surrounding medical expenses. Healthcare facilities often surprise their patients with hidden fees and additional costs, leading to 1 in 5 individuals receiving a hospital bill they either do not agree with or cannot afford. The lack of transparency within the healthcare sphere regarding the costs of treatments and services continues to contribute to a lack of healthcare affordability within the United States. This proposal mandates government-funded healthcare facilities to provide a document that lists the costs of all treatments and services offered in that facility. This document should be presented to the patient before treatment, in non-emergency situations. This can mitigate the effects of surprise billings by government-operated facilities to ensure healthcare affordability and cost transparency.

II. BACKGROUND

Many Americans' greatest financial worries are caused by medical expenses. Our current healthcare system causes patients to worry about the cost of the treatment before getting it. The financial burden causes many to postpone seeking care if they even end up seeking care at all. This is especially true for those who are uninsured and/or facing chronic diseases. About four in ten adults (41%) report having debt due to medical or dental bills.

It is very common for these bills to be sent years after care is received. One in three insured adults between the ages 18 to 64 say their family had an unexpected medical bill. Lack of transparency from hospitals prevents patients from taking the proper financial measures they need to afford these services. Overall, all of these factors show how unreliable the healthcare system is for Americans and poses a serious problem financially, especially in financially vulnerable populations.

III. PROBLEM

The issue this proposal aims to target within healthcare affordability is the lack of transparency by healthcare providers in terms of service pricing, resulting in patients receiving surprise bills and/or being overcharged. Hospitals have a tendency to overcharge patients with surprise bills and hidden fees. This lack of transparency causes surprise bills and additional costs to emerge when patients believe their treatment will be covered by insurance, but instead are forced to pay the surprise bills associated with their treatment. Furthermore, hospitals and practices often only provide itemized billing services upon request, signifying how only those

aware of itemized bills would be able to mitigate the effects of surprise billing. Transparency with pricing is an issue, as 1 in 5 individuals receive a hospital bill that they either do not agree with or cannot afford, upon which they call the facility to inquire regarding these costs. Medical facilities are also prone to mistakes when billing patients that lead to increased costs. Such errors include listing a procedure multiple times, utilizing incorrect billing codes, and misinterpreting doctor's notes. The issue of price transparency greatly impacts the affordability of healthcare and quality of life of patients.

IV. SOLUTION

This proposal mandates government-funded healthcare facilities to provide a document that lists the costs of all treatments and services offered in that facility. Government-funded healthcare facilities would be legally required to disclose comprehensive pricing information before treatment begins. This would mitigate the effects of surprise billing. Also, patients would be able to understand the affordability of the treatments they were provided. Hospitals and medical practices must also provide an itemized billing list to all patients. The document would include a standardized format to eliminate confusion and ensure that medical bills are clear and consistent. This solution would expand on the No Surprises Act. Transparency of prices between patients and government-operated and funded facilities will allow patients to gain insight on their healthcare coverage. Through this proposal, patients will be more informed regarding costs of their healthcare.

Although this proposal targets government-funded healthcare facilities, this may provide precedent for further legislation targeting privately-held healthcare facilities.

V. PRECEDENT

A precedent serves as an exemplar for similar circumstances and ensures that an analogous case will be treated consistently with the preceding one, making the law more predictable. Our concern with health affordability, achieved by expanding healthcare transparency and itemizing care costs, is not novel to the legal scene. Several precursory bills have been passed to implement analogous legislation. A variety of these bills will be subsequently listed below.

West Virginia's HB 5530: West Virginia's House Bill 5530 requires hospitals to disclose price information for health care services prior to treating the patient.

Florida's HB 7089: Similar to HB 5530, Florida's House Bill 7089 requires facilities to post a list of standard charges on their websites, as well as providing estimates of treatment costs to the patient and patient's insurer.

Texas's SB 490: Texas's Senate Bill 490 encourages and pushes for the itemization of health care services and supplies provided by health professionals, minimizing confusion amongst patients regarding costs.

The Lower Costs, More Transparency Act: This act heightens price transparency throughout the entirety of the healthcare system in order to better inform patients, simultaneously addressing the inflated cost of prescription drugs.

No Surprises Act (H.R.3630): The purpose of this act is to safeguard consumers of health care from “surprise billing practices” and to expand the general knowledge that patients receive regarding the cost of their health care.

Assembly Bill 72: Prior to the enactment of AB 72, healthcare consumers were often billed from out-of-network providers when under the impression they were attending an in-network facility. With the passage of AB 72, consumers can now only be billed for their in-network cost sharing.

VI. FISCAL ANALYSIS

State government agencies would be required to develop standardized language surrounding costs of treatments and services. Healthcare facilities would be required to initially develop documents tailored to their needs. Otherwise, per the nature of this proposal, minimal costs are associated with implementing provider-to-consumer transparency within the existing healthcare industry.

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