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Large Employers Urge the House to Pass the Bipartisan Lower Costs, More Transparency Act

EmployersRx is a nationwide effort led by the Purchaser Business Group on Health (PBGH) that includes The ERISA Industry Committee (ERIC), American Benefits Council, National Alliance of Healthcare Purchaser Coalitions, Silicon Valley Employers Forum, HR Policy Association, and the Small Business Majority. Our members share a common goal – to bring more transparency and accountability to health care, ensuring employers and their employees are empowered by information.

We represent employers and other private and public purchasers who sponsor health coverage for the 178 million American workers and their families. Employers are deeply concerned about high and rising health care prices, fueled by a lack of transparency and competition in the health care marketplace. The layers of secrecy and complexity imposed in the care ecosystem impedes employers' ability to continue offering affordable, high value health coverage. Introduction of the bipartisan *Lower Costs, More Transparency ("LCMT") Act* in the U.S. House of Representatives represents an important step in addressing this fundamental issue and lowering costs for employers and working families.

Employers remain frustrated by barriers in access to health care and prescription drug pricing information. We applaud the sponsors of the LCMT Act for recognizing the need to address this lack of transparency. Too many hospitals are still failing to meaningfully comply with the U.S. Department of Health and Human Services regulations requiring them to make public standard charges, including negotiated rates. Notably, the legislation would enshrine in statute the requirement that hospitals publicly post the negotiated price for health care items and services in a machine-readable format and increase compliance with and enforcement of this requirement. In addition, the legislation would ensure that group health plan transparency in coverage requirements is not eroded by future regulatory action.

While these policies are significant and necessary, we urge Members of Congress to continue to push forward on additional reforms to ensure optimal transparency by hospitals and health plans. The more accurate, complete, accessible, and up to date the data is when shared with employer sponsored health plans, the more plan sponsors may do to ensure not only their own compliance with current law and regulations, but also continued access to affordable, quality health care for the millions of workers who receive health coverage through employer-sponsored insurance.

Additionally, we appreciate the work all three committees of jurisdiction have done to consider how to address the issue of anticompetitive hospital billing practices that encourage and enable hospitals to purchase physician practices and then depict services delivered in physician offices as higher cost "hospital" services. We support the "honest billing" provisions included in Section 204 of the LCMT



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Act that are applicable to Medicare payments as an initial step towards mitigating these distorted practices. However, we strongly urge Congress to expressly extend such honest billing requirements to the commercial market.

Hospital consolidation and vertical integration with physician practices drives higher costs in the health care system, impacting the costs of health care to employees and their families, employers, and American taxpayers. Since hospital expenditures represent the largest health spending category in the United States, lowering costs for working families necessitates congressional action to tackle the multiple strategies and practices that have led to and incentivized consolidation and vertical integration. Site-neutral payment reform creates payment parity for the same service at different sites of outpatient care.

By expanding site-neutral payment policies, Congress removes a powerful incentive for hospitals to purchase physician practices in order to collect higher rates from rebranded off-campus hospital outpatient departments (HOPDs). We strongly support Section 203 of the LCMT Act, which ensures that Medicare rates for physician-administered drugs in off-campus HOPDs are the same as in physician offices. However, comprehensive site-neutral payment reforms are essential, and we urge Congress to take additional action to enact comprehensive site neutral payment reform to additional services and facilities.

America's employers also are eager for long-needed reforms to pharmacy benefit managers ("PBMs"). We believe that strong PBM reforms, which restore transparency and competition to the market, are critical to allowing employers to continue to offer affordable, quality health care to employees and their families. The complex rebate structure and total lack of transparency with respect to PBMs makes it difficult for employers to manage prescription drug costs. Federal legislation requiring robust transparency and accountability from PBMs to employers is critical for employer efforts to lower prescription drug costs.

Accordingly, we are very appreciative of the inclusion of PBM transparency requirements in the LCMT -- a clear recognition that PBM reform is a critical component of a meaningful, transparent health care system that functions in tandem with the data sharing principles driving a free market to help keep employer sponsored health care coverage costs from skyrocketing.

PBM transparency alone is not enough. More reforms are needed to address misaligned incentives and "spread" pricing models that may lead to higher prescription drug costs. Additional critical PBM transparency and accountability reforms that are supported by employers are also needed, including banning the practice of spread pricing, requiring that rebates be passed through to employer-sponsored plans, and requiring clear oversight and accountability of PBMs by specifying the exact parameters of PBM responsibility. As the primary customers of PBMs, we urge Congress to build on the reforms included in the LCMT Act by including these additional reforms.



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The bipartisan LCMT Act is a critical step forward in addressing the underlying drivers of rising health costs. This legislation will help lay the groundwork for further reform efforts that would bring lower costs and more transparency to health care for working families. We look forward to working with Congress on these shared goals.