



Testimony in Support of House Bill 2825

Kansas House Committee on Insurance

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Chairman Sutton, Vice Chairman Penn, and Members of the House Insurance Committee:

My name is Hayden Dublois. I am a Visiting Fellow at the Opportunity Solutions Project, a non-profit organization dedicated to advancing policy solutions in key reform areas, including health care reform. I appreciate the opportunity to submit testimony in support of House Bill 2825.

When Kansans buy their groceries, their gas, and especially larger purchases like their home, they expect to know their costs up front. Unfortunately, this expectation has been ignored in health care for years.

However, during the final years of the Trump administration, a new rule was issued to help address this problem. This rule was simple: Hospitals have to post an easy-to-access file containing the charges and costs of their services—including gross costs, cash prices, and negotiated rates—and display shoppable services in a consumer-friendly format.¹

Unfortunately, most hospitals have failed to comply with these simple requirements. In 2022, a review of more than 6,400 hospitals nationwide found that most hospitals were non-compliant with price transparency requirements.² Only 43 percent of Kansas hospitals were compliant.³

Why? A lack of enforcement drives the non-compliance. The federal penalties are modest and the Biden administration waited four months after assuming office to take any enforcement action at all.⁴ Once they did finally begin issuing warnings, it took the Centers for Medicare and Medicaid Services (CMS) an average of roughly six months to follow up with a corrective action plan after a hospital received a warning.⁵

In the first two years of the Biden administration, less than half of hospitals initiated by CMS received a corrective action plan, while just four U.S. hospitals faced any enforcement penalty.⁶ And when they were fined, these penalties were of such a small amount that it only took an average of 40 minutes to recoup the cost of the fine.⁷

Watchdog groups attempting to review the Biden administration's efforts at compliance were stonewalled, with tens of thousands of pages being withheld, even after a federal judge ordered CMS to turn over records.⁸

It is for these reasons that HB 2825 is so important to Kansans. Because of the Biden administration's inaction on this critical issue, states like Kansas have the opportunity to step up and ensure their residents have access to hospital pricing.

This legislation would simply do what the Biden administration has failed to follow through on. Kansas hospitals would be required to do the following actions:

1. Post their pricing information in a consumer-friendly format for the top 300 procedures offered;
2. Provide patients with estimates of the cost of a procedure if the patient requests that information; and
3. Inform patients about their ability to request cost estimates for procedures at Kansas hospitals.

These three simple requirements could be the difference between a surprise medical bill that sinks a household's finances, or a consumer finding an alternative hospital to complete their medical procedure at a lower cost.

Perhaps most importantly, if hospitals fail to comply, the Kansas Attorney General could penalize them up to \$250 per day of non-compliance. This would send a signal that Kansas is serious about ensuring its residents have access to basic information about the cost of their medical procedures.

Further, if hospitals themselves are out of compliance with these new requirements, they would be unable to send collection agencies after Kansas residents for medical debt. If hospitals cannot be honest with patients about the cost of their procedures, then they should not be able to squeeze Kansans financially.

Put simply, this legislation would empower Kansans to have access to the cost of their medical procedures at Kansas hospitals, just like they do for the cost of their food, their gas, and their homes. Opportunity Solutions Project is pleased to offer our support for HB 2825.

¹ Hayden Dublois and Jonathan Ingram, "How America's Hospitals Are Hiding the Cost of Health Care," Foundation for Government Accountability (2022), <https://thefga.org/research/americas-hospitals-are-hiding-the-cost-of-health-care/>.

² Ibid.

³ Ibid.

⁴ Hayden Dublois, "How the Biden Administration Is Enabling Hospitals to Violate Price Transparency Requirements," Foundation for Government Accountability (2023), <https://thefga.org/research/enabling-hospitals-to-violate-price-transparency/>.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.