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NEW REPORT SPOTLIGHTS THE BIG BUSINESS OF HEALTH CARE

Consumers and businesses call on the Washington State Legislature to act.

SEATTLE, WA-A pair of new reports released last week finds that “rising health care costs have created a growing and persistent health care affordability challenge for individuals, families, employers, and taxpayers in Washington state.” The reports highlight potential solutions that could tamp down on health care costs in Washington.

The purpose of the reports, by the [Washington Attorney General's Office \(AGO\)](#) and the [Office of the Insurance Commissioner \(OIC\)](#), is to give the legislature a range of options to consider after the issue of unmanageably high health care costs became a central issue in last year's legislative session. Now, advocates are calling on the legislature to use the findings to inform their next steps and take action this year to make health care more affordable.

A [survey](#) of Washington residents shows 4 out of 5 are worried about affording health care. The recent announcement that individual insurance premiums will go up by an average of 9% next year, and in some cases as much as 17%, is significantly affecting people who already have tight budgets. “Everyone should have access to health care they can afford,” said Jim Freeburg, Executive Director of Patient Coalition of Washington. “People can't keep footing the bill so that big corporations can stockpile profits. We need to understand where our health care dollars are going and why.”

Consumers are not alone in facing uncontrolled health care costs. “Employers are stuck in the middle between workers who need medical care and an out of control health care system,” said Don Conant, who teaches at St. Martin's School of Business after years as a business owner himself. The report details how average annual premiums for employer-sponsored coverage have increased 49% from 2010 to 2020, nearly twice the rate of general inflation. “The cost of health insurance has been the number one small business problem for decades,” said Conant. “It's time to recognize that our health care market is broken and needs rebalancing before competition can thrive.”

The reports describe a health care landscape in Washington that is increasingly consolidated and complex. Just 8 hospital systems control most of the beds in the state, and new types of business arrangements with private equity investors and major national corporations are growing more common. The reports cite studies that show such health care consolidation often results in increased patient prices without improvements in the quality of care.

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“There is no question that mergers and consolidations can affect the delivery of high quality care,” said ACLU-WA Health Policy Program Director Leah Rutman. “That’s why we need new tools to thoroughly review these deals and determine whether they are good for the public, not just good for big health systems’ profit margins.” A bill proposed in the legislature, the [Keep Our Care Act \(SB 5241\)](#), would allow the Attorney General more opportunity to review health care deals in advance for affordability and access concerns.

The reports also analyze the limitations of existing tools to address the extensive health care consolidation that has already occurred in Washington. One problem is the use of anticompetitive contracting practices when health care providers negotiate their prices for insurers. “Employers who purchase health benefits for their workers are squeezed when big health systems use their market power to drive up prices,” said Bill Kramer, Senior Advisor for Health Policy at the Purchaser Business Group on Health. Another bill in the legislature, [SB 5393](#), would set guardrails to ensure fair business practices in contracts between providers and insurers.

The report looks at policy options other states have pursued to address the affordability crisis, such as cost growth benchmark programs. These programs, used by 9 states, establish a target for a state’s annual growth in health care spending. Washington’s Health Care Cost Transparency Board has set a spending target, but does not have the accountability levers other states have.

“It’s not surprising that other states are more successful at holding the line on health care prices because they have better enforcement tools,” said Dr. Bob Crittenden, a family physician who currently sits on the Health Care Cost Transparency Board’s Advisory Committee on Health Care Providers and Carriers. “With a bill proposed in the last session, [HB 1508](#), we can have the authority to act when there are outliers. Otherwise we are forced to sit by and continue to watch prices increase.”

A second phase of the study is expected in August 2024. “We’re looking forward to digging in to these findings,” said Rep. Nicole Macri (D, 43rd), who’s been working on finding health care affordability solutions in the Legislature. “I hear a lot of excuses when I ask folks from the health care industry why prices keep going up. But the evidence is clear, consolidation leads to higher prices for consumers. This is a complicated issue that’s going to need multi-pronged solutions, but Washingtonians need the legislature to act.”

One effort that is working to reduce health care costs through a range of proven policy solutions is [Fair Health Prices Washington](#), a campaign of patient, workers, and business groups that includes Economic Opportunity Institute, Northwest Health Law Advocates, Patient Coalition of Washington, Purchaser Business Group on Health, the WA State Labor Council, SEIU 1199, Washington State Nurses Association, and others across the state.

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