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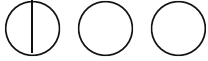
2. Omicron seems milder. Here's why you still don't want to get it.

BUSINESS

Houston-area hospitals are charging more than twice Medicare rates



Gwendolyn Wu, Staff writer
Sep. 18, 2020 | Updated: Sep. 18, 2020 5:57 p.m.





— The findings from RAND Corporation, a Santa Monica, Calif.-based nonpartisan think tank, found that Houston-area hospitals on average charged 232 percent of the federal reimbursement rate for similar services.

Jon Shapley, Houston Chronicle / Staff photographer

Houston-area companies that purchase health insurance for their employees are paying more than twice the rate of Medicare, the federal insurance plan for people 65 and older, for the same medical treatments, according to a study released Friday.

The findings from Rand Corp., a nonpartisan think tank based in Santa Monica, Calif., found Houston-area hospitals on average charged 232 percent of the federal reimbursement rate for similar services.

“In the case of specific high-priced hospitals, there may be justification for the unusually high prices, such as offering specialized services or a well-deserved reputation for higher-quality care,” said Christopher Whaley, one of the study’s authors. “However, if two hospitals have similar quality, then any difference in prices may be harder to justify.”

On HoustonChronicle.com: ['A mess for years to come': Texas again leads the US in uninsured rates](#)

The highest charges were for outpatient services, medical care for patients who don't need to be hospitalized. For instance, Emerus Emergency Hospital Sugar Land charged as much as 583 percent of the Medicare rate for outpatient facility services, meaning a treatment that would cost Medicare \$100 would cost a company-sponsored health insurance plan \$583.

A spokesperson for Emerus did not immediately respond to a request for comment.

Houston employers are concerned about the quality of health care they receive and how much they pay for it. Health care is the second-biggest expense for companies after payroll, according to the National Alliance of Healthcare Purchaser Coalitions.

Companies could use the Rand findings as a way to help drive down health care costs, said Chris Skisak, CEO of the Houston Business Coalition on Healthcare, which represents employers who purchase insurance plans.

"The results of this study supports the argument that most Houston employers are paying more than what is reasonable for health care delivery in hospitals, and the steerage by health systems towards higher-priced outpatient services reflected in the results is a good example," Skisak said.

Across the country, private health plans paid an average of 247 percent of what Medicare reimbursement would pay. Texas came in just above the national rate, at an average of 252 percent. The study analyzed roughly 41 million claims that totaled \$33.8 billion in spending from 2016 to 2018.

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Hospitals have disagreed with the premise of the Rand study. The study found that health plans nationwide would save \$7 billion if they reimbursed at the federal rate. However, the Texas Hospital Association has said Medicare pays much less than the cost of care and that hospitals would not be able to operate if every insurance plan

paid those rates.

“Texas hospitals are high-performing facilities that focus on quality care and are open for patients around the clock,” said Carrie Williams, a spokesperson for the Texas Hospital Association. “Right now, they are operating in a pandemic as the Texas uninsured rate continues to climb, plus they continue to face the burden of uncompensated care costs. This creates incredible financial challenges in the midst of providing quality, lifesaving care.”

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Reach Gwendolyn on

Gwendolyn Wu is the writer of The Chronicle's flagship newsletter, Bay Briefing, and an engagement reporter. As a Hearst Fellow, Gwendolyn previously worked as a business reporter at the Houston Chronicle, focusing on the health care and biotech sectors, and a metro reporter for The San Francisco Chronicle, where she was part of the award-winning breaking news team that covered the deadly Camp Fire.

Originally from the San Fernando Valley in Los Angeles, Gwendolyn graduated from the University of California, Santa Barbara with degrees in history and sociology. Follow her on Twitter @gwendolynawu.

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REAL ESTATE

Houston rents have soared to record highs,
forcing renters to downsize

As a result, rents have spiked and investors have begun snapping up apartment complexes at historically high rates — a dynamic that economic forecasters believe will persist into next year.

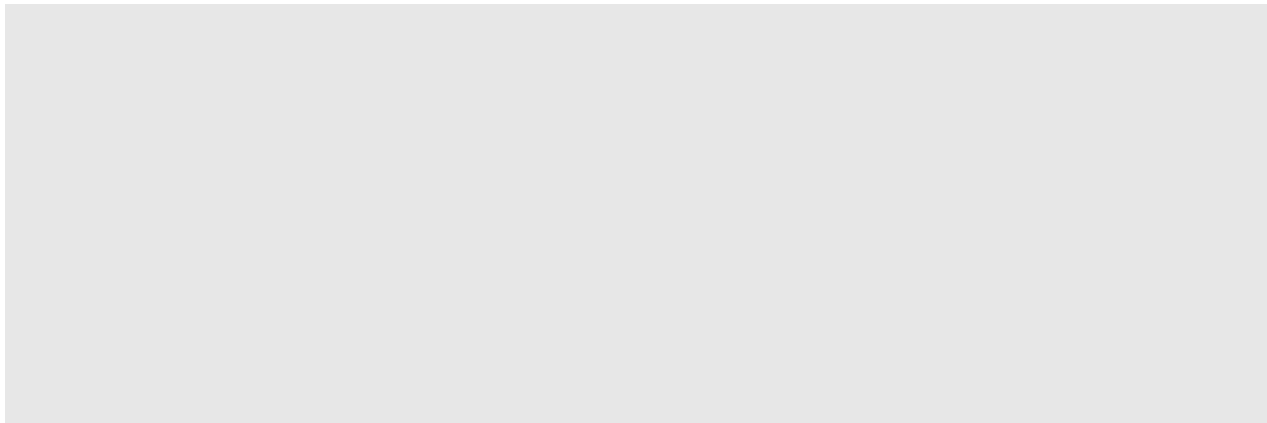
BY R.A. SCHUETZ

UNFAIR BURDEN: TAX SANCTUARIES

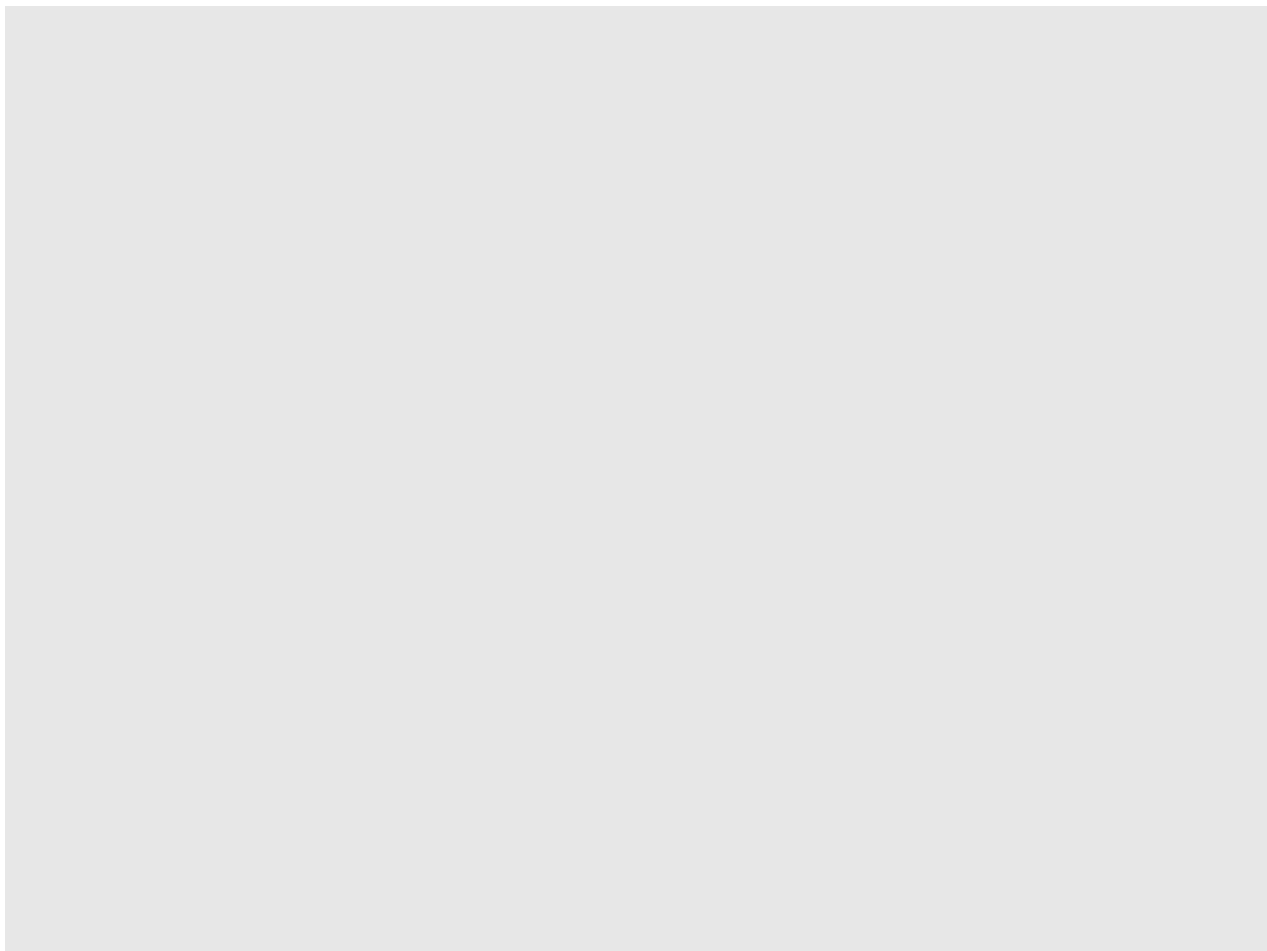


Obscure law lets religious leaders live in lavish, tax-free homes

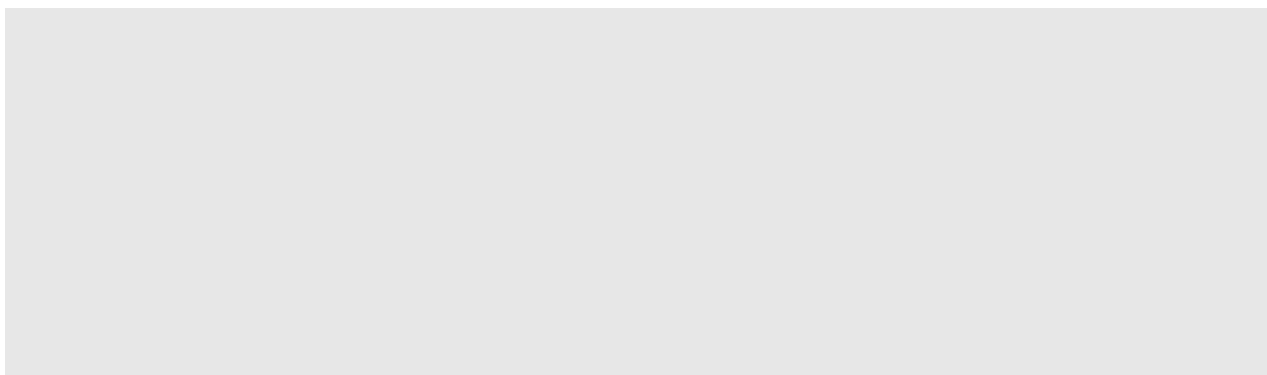


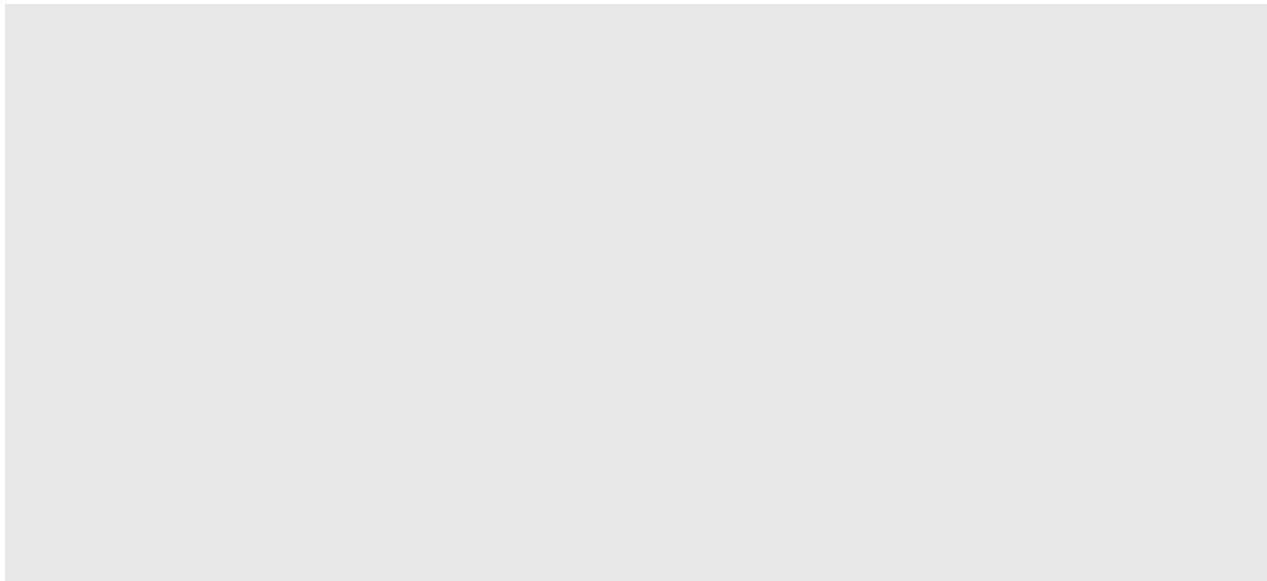


These Texas church homes don't qualify for tax break, but you pay

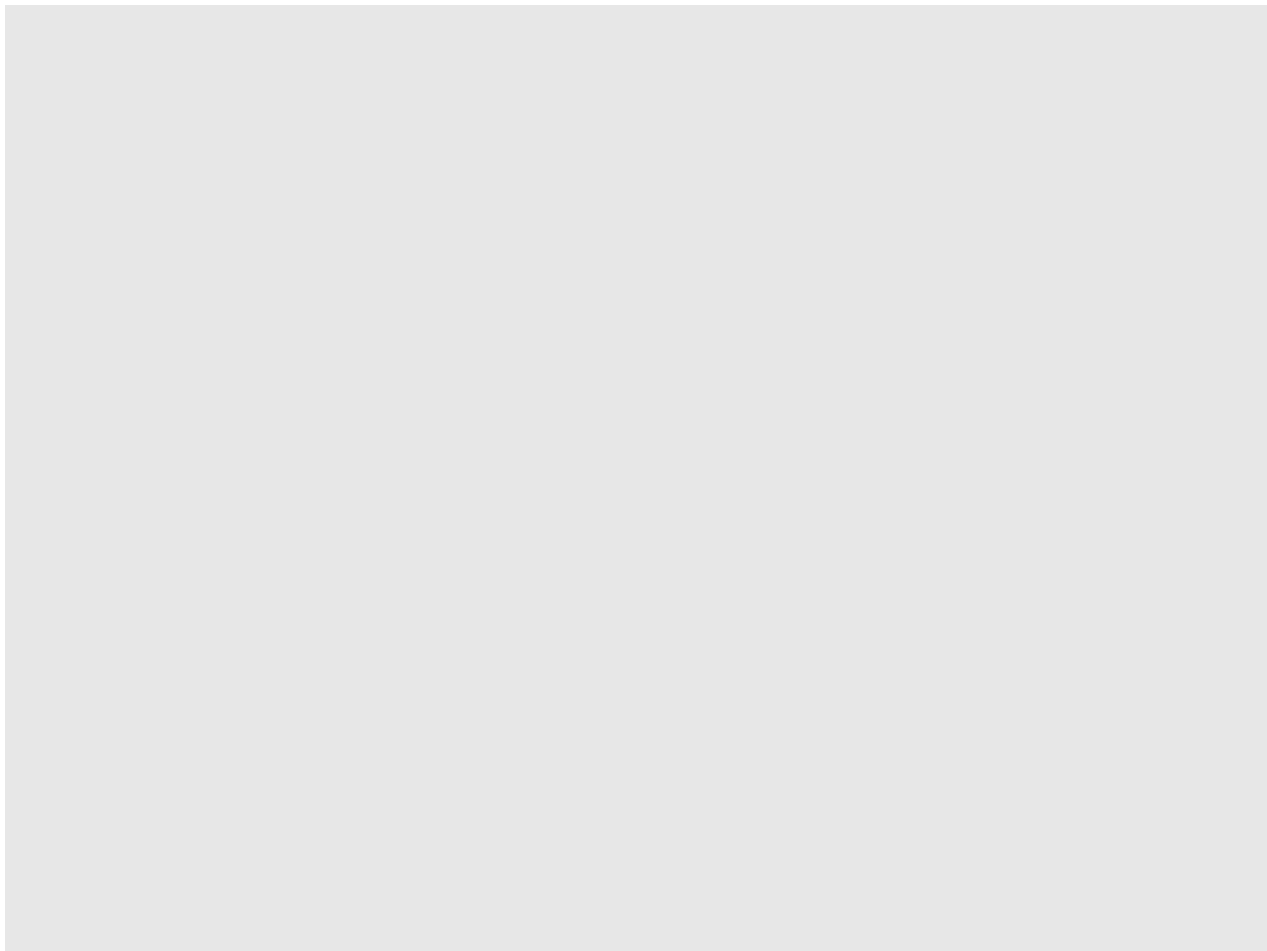


This wealthy Dallas church owns the most clergy homes in Texas

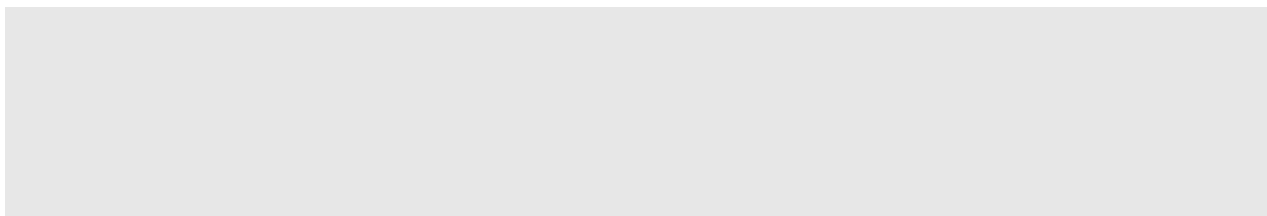


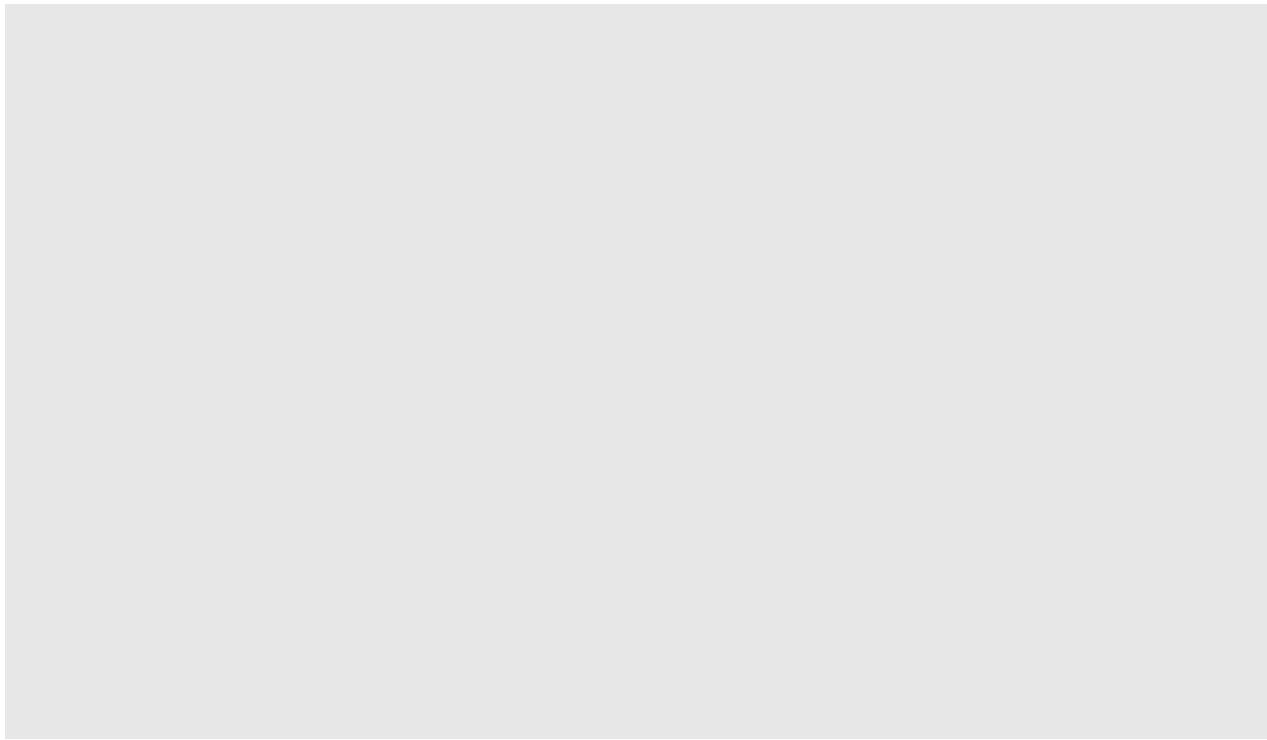


Why does America's wealthiest pastor live in a tax-free mansion?

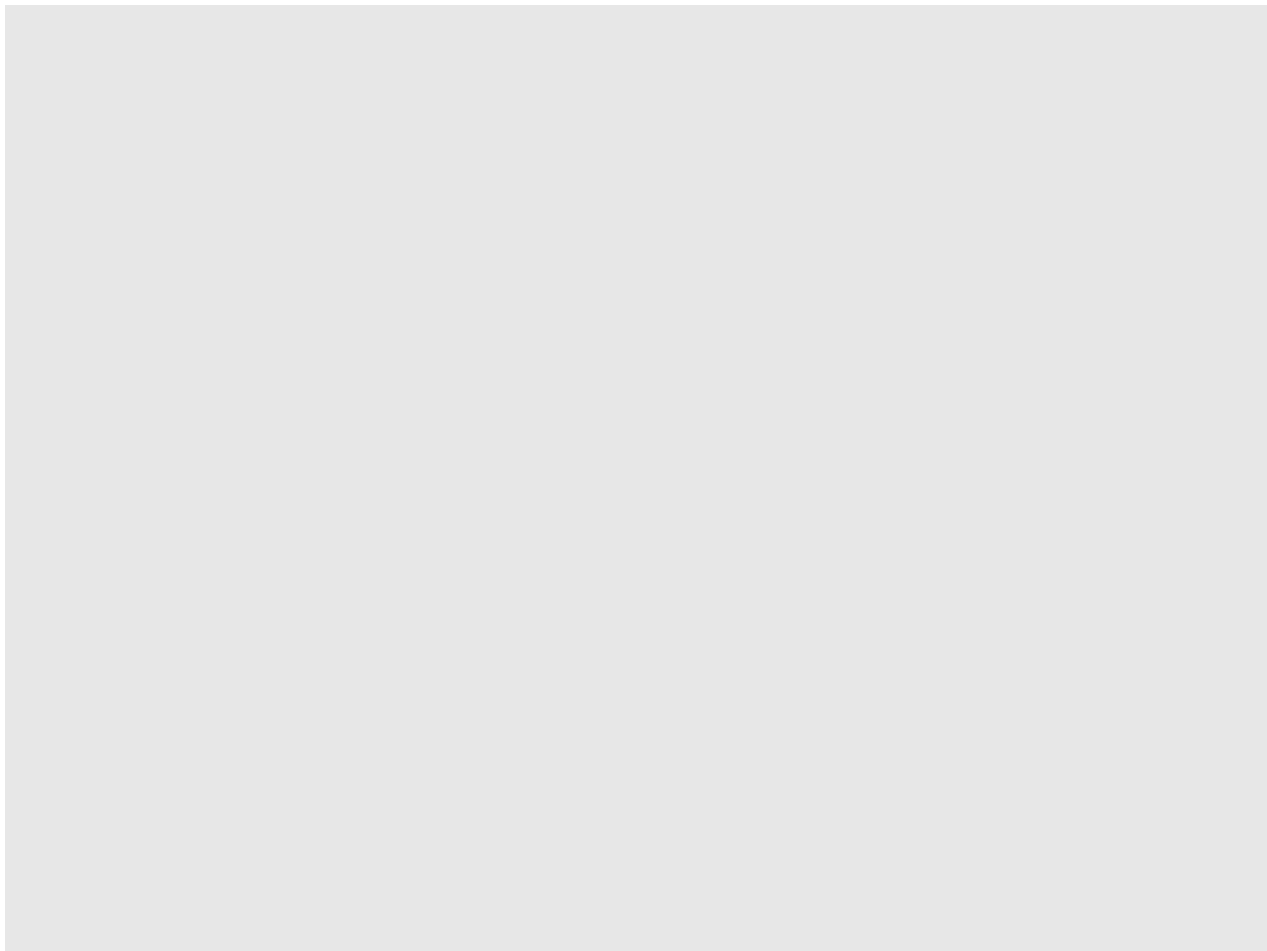


How Texas could close loopholes, save taxpayers thousands

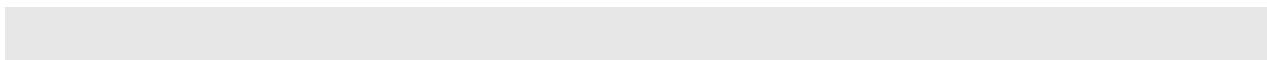


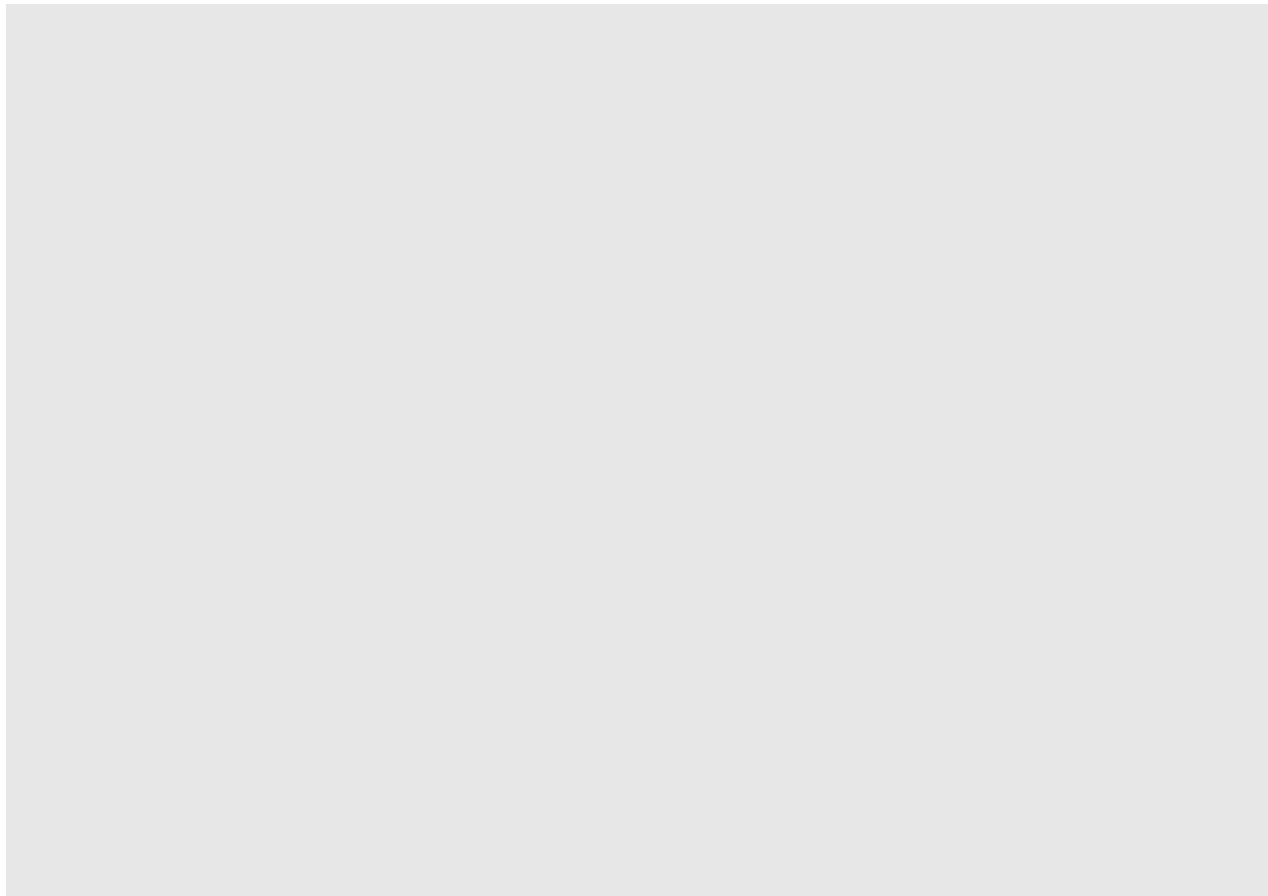


Map: Tax-free clergy homes across Texas and how much they cost



Interactive: How we reported the story





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