Texas Employers for Affordable Healthcare

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Texas Employers for Affordable Healthcare Shines Light on High Hospital Prices with New Transparency Dashboard

HOUSTON – April 25, 2023 – The median price Texas employers pay for hospital care is 315% of what Medicare pays. Strikingly, the median breakeven amount – the payment rate a hospital needs from commercial payers to breakeven across all of its inpatient and outpatient services taking into account charity care and below-cost payments from other payers – is only 110% of Medicare. To help employers, policy makers, researchers, media and other stakeholders understand these price variations and disparities, Texas Employers for Affordable Healthcare (TXEAHC), a non-profit focused on lowering the cost of healthcare for employers, their employees and families, launched a Hospital Transparency Dashboard.

"The dashboard provides much needed data and transparency to help rein in prices paid by Texas employers for hospital services negatively impacting business growth, wage increases, and family quality of life," said Chris Skisak, PhD, executive director for TXEAHC. "We recognize there is a need for all hospitals to profit in order to meet their community and business missions but paying three times the breakeven amount should warrant scrutiny."

Comprised of data from the RAND Corporation and the National Academy for State Health Policy (NASHP), this interactive tool offers insights on payer mix, operating profit margins, and the percentage commercial health plan sponsors pay a hospitals relative to the breakeven cost for that hospital to provide those services to all of its patients.

The tool can be filtered to examine individual hospital, hospital system, hospital bed size, Metropolitan Statistical Area, legislator district, and reporting year. NASHP data inputs are extracted from two separate data sources – a hospital's own operational data, submitted annually to comply with the Centers for Medicaid and Medicare Services Hospital Cost Report, and data from the ongoing RAND Corporation Hospital Price Transparency Study.

The tool is among the resources developed to help support passage of legislation including House Bill 711 that will address anti-competitive contract provisions and conduct affecting healthcare provider networks that is in part responsible for the higher costs paid by employers.

"This dashboard can help provide transparency to help employers understand how much they are paying for hospital services compared to hospitals' underlying cost structure," said Charles Miller, senior policy advisor for Texas 2036. "But transparency without more only shows employers how much they're over-paying. HB 711 would empower employers to design smarter benefit plans to take advantage of recent advances in price transparency and restore healthy competition by prohibiting anti-competitive contracts."

About Texas Employers for Affordable Healthcare
Texas Employers for Affordable Healthcare is a 501(c)(4) established to mobilize employers, employees and their families, and other healthcare stakeholders across the state to rein in the excessive prices paid for employer-sponsored healthcare for almost half of all Texans and approximately 14 million people. To foster transparency, prohibit anti-competitive contracts and billing, and increase oversight on consolidations and mergers, the non-profit is working to pass legislation in 2023 to restore healthy competition and thwart rising prices.

Founding stakeholders are non-profit organizations representing the state's largest employers and a nonpartisan public policy think tank working to engage policymakers to restore healthy competition: Dallas-Fort Worth Business Group on Health, Houston Business Coalition on Health, San Antonio Business Group on Health, Texas 2036 and Texas Business Group on Health. Learn more: txeahc.org and follow us on Facebook and Twitter.

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