



UNITED
STATES *of*
CARE

I know people who are making \$50,000 a year. That sounds like a decent amount of money, but they still can't afford to live. And then you have inflation on top of that, and you don't qualify for SNAP or any type of assistance. But at the same time, you can't afford anything. So, people don't seek health care, because they can't afford the copays or can't afford the bills yet.

– BLACK WOMAN, SOUTH CAROLINA

UNITED SOLUTIONS *for* CARE

REDUCING OR ELIMINATING OUT-OF-POCKET COSTS

For Basic Health Care Services

Informed by listening to thousands of people across the country, USofCare's United Solutions for Care agenda represents a set of four goals and twelve targeted and achievable solutions to help us build a fairer health care system. This policy overview outlines proposals to respond to one of those twelve solutions: reducing or eliminating out-of-pocket costs.

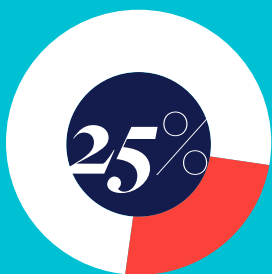
People across the country believe that everyone deserves access to quality, affordable health care, yet for many, health care remains too expensive and out of reach. Health outcomes in the United States lag behind those of our peer nations, with many people delaying needed care or skipping it entirely due to cost, a reality that is only more pronounced for lower-income populations, which disproportionately include communities of color.

In a nation that spends as much as it does on health care, this is unacceptable. Our United Solutions for Care roadmap highlights the impact of high costs on consumers and families and urges action on high out-of-pocket costs as a first step to address this affordability crisis. People are united across the political spectrum in their belief that further action is needed to lower these out-of-pocket costs to ensure everyone has access to affordable health care.

Skyrocketing out-of-pocket costs impact people's access to care

Out-of-pocket spending increased by record amounts in 2021, driven largely by higher prices for hospital and physicians' services. With little in place to drive down costs, hospitals and health systems have begun to acquire smaller practices, consolidate their market share, and largely set their own prices without a clear connection to quality and health outcomes. Commercial insurers have little negotiating power to lower these prices and instead pass them along to people in the form of higher premiums or out-of-pocket costs, which increased to \$1,425 per person in 2022 and now account for 11% of all health care costs.

The impacts of these out-of-pocket costs on people are hard to understate, as even small amounts of cost-sharing can prevent people from accessing needed care, leading to worse health outcomes. Populations that spend a higher percentage of their annual household income on out-of-pocket costs, such as Black, Latino, and American Indian and Alaska Native communities, may be even more affected.



BETWEEN 2017 AND 2022, OUT-OF-POCKET COSTS PER CAPITA increased by 25%

What's the Solution?

Policymakers on both the state and federal levels are uniquely positioned to pursue solutions to build upon existing efforts to address people's high out-of-pocket costs.

Lowering High Hospital Prices

Hospitals and health systems have long billed more for identical services delivered in certain care settings compared independent physician offices. To address this imbalance, legislation should prioritize:

- **Promoting site-neutrality in payment.** Policymakers should consider action to expand "site-neutral" policy and transparency protections to ensure people are paying the same price for their health care services, no matter where they're delivered.
- **Limiting hospital facility fees.** Policymakers should prohibit facility fees, which can cost patients up to thousands of dollars, in outpatient settings and ensure patients have transparency about facility fee costs when allowed.

Ensuring Access to Essential Services

Even minimal amounts of cost-sharing can impact people's access to critical primary and behavioral health care services. In order to ensure that people are able to afford these essential services, legislation should focus on:

- **Encouraging uptake of services that balance cost and quality (also known as high-value services).** Policymakers should focus on how plans and providers can structure certain benefits with little or no cost-sharing to incentivize people's access to services that have a demonstrated health benefit at low cost.
- **Protecting access to preventive services.** Policymakers should codify requirements for plans to provide people continued access to preventive care without out-of-pocket costs.

While the policies listed above have been proven to lower out-of-pocket costs for people, the list is by no means exhaustive. Implementing additional policies, such as ground ambulance billing protections and greater oversight of hospital acquisitions boards, can increase out-of-pocket cost savings for people and ultimately improve health care access and affordability.