



January 27, 2025

House Appropriations Committee
House Hearing Room A
John L. O'Brien Building
Olympia, WA 98501

RE: House Appropriations Committee on Health Care and Wellness Public Hearing on HB 1123

Dear Chair Ormsby and Honorable Members of the House Appropriations Committee,

Thank you for the opportunity to provide testimony **in support of [HB 1123](#)**, which will make health care more affordable for Washington state and school employees. United States of Care (USofCare) is a non-partisan, non-profit organization working to ensure [everyone](#) has access to quality, affordable health care, regardless of health status, social need, or income. We work in states across the country, including Washington, Oregon, Colorado, and Maine, to develop pragmatic policy solutions that are designed to respond to the needs of people. In the other states we work in, we often highlight Washington as a pioneer in providing high-quality health care, addressing health disparities, and increasing affordability for people.

With spending on hospital services making up [nearly half](#) of total healthcare spending in Washington's commercial insurance market, HB 1123 provides Washington a solution to address [unaffordable](#) health insurance premiums and out-of-pocket costs placing a larger-than-ever financial burden on [Washington residents](#), [employers](#), and the [state budget](#). This legislation provides Washington a mechanism to contain costs by leveraging the power of the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) to cap hospital payments, a meaningful solution [many other states](#) are exploring. This solution is not just popular with policy experts – [nearly 90%](#) of Washingtonians agree that the government should impose price controls on contracting between insurers and providers.

Facing a state budget crisis in 2017, [Oregon](#) successfully implemented hospital price caps in their state employee health plan, capping in-network payments to 200% of Medicare and out-of-network payments to 185% of Medicare. By setting this payment cap at double what Medicare pays but below the prices previously paid by their state employee plan, Oregon effectively curbed prices while maintaining provider participation in the network. In fact, Oregon saved [\\$107 million](#) in 2021 using this cost containment method, significantly more savings than original estimates, with a [\\$1.8 million](#) reduction in out-of-pocket spending by state employees. This reduction has allowed Oregon the ability to invest these budgetary savings into other priority health programs, like behavioral health and substance use supports.

Notably, Oregon has not seen any evidence of cost shifting to other markets by hospitals due to implementing this strategy. The concept of "[cost shifting](#)" is often used by industry stakeholders

as a reason for opposing policies that bring people more affordable health care and balance provider reimbursement rates, such as price caps. **Despite these claims, researchers have consistently found that hospitals do not shift costs from publicly to privately insured patients.** In fact, mounting [evidence](#) shows that when public insurance payments, like from the state employee health plan, go down, commercial insurance payments tend to follow. Given this evidence, we can expect similar outcomes from Washington's efforts.

HB 1123 will allow Washington to bring down prices for hospital care while investing in primary care and behavioral health. **United States of Care is supportive of HB 1123 and strongly encourages the committee to vote in favor of this bill.** We thank the committee for its work on this issue and urge the committee to consider United States of Care a resource moving forward. Please do not hesitate to reach out if you have any questions.

Sincerely,

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