



March 19, 2025

Senate Health & Provider Services Committee
200 W Washington St.
Indianapolis, IN. 46204

RE: Senate Health & Provider Services Committee Public Hearing on HB 1004

Dear Chair Charbonneau and Honorable Members of the Senate Health & Provider Services Committee,

We sincerely appreciate that the Indiana legislature has taken important steps in recent years to protect patients from unexpected and unpredictable hospital prices. Despite this meaningful action, however, we believe there is still room for improvement—some significant pieces of which are included in [HB 1004](#).

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 to develop pragmatic policy solutions that are designed to respond to the needs of people. We often hold up Indiana's efforts to [combat consolidation](#), [remove extra hospital fees for patients](#), improve non-compete contracts for physicians, and measures around health care mergers as examples for other states. Pieces of HB1004 represent a natural continuation of these important efforts to ensure quality, affordable healthcare for all Hoosiers regardless of their economic status or geographic location.

Ongoing price challenge

Indiana faces a critical challenge in healthcare affordability, with hospital prices consistently ranking among the highest in the nation. A recent [Rand Corp. study](#) reveals that Indiana's commercial hospital prices are the 8th highest in the United States. Further, Indiana employers and employees are paying nearly three times (297%) what Medicare pays for the same hospital services—significantly higher than neighboring states like Michigan (192%) and Kentucky (231%). These prices are driving profits rather than gains for patients, as recent data from the National Academy for State Health Policy (NASHP) [found that Indiana's hospitals](#) had higher median net profits than the national average. These inflated prices place an unfair and unsustainable financial burden on Hoosier families and businesses, underscoring the urgent need for meaningful measures to address prices.

Rational approach

HB 1004 offers Indiana a critical opportunity to address increasing healthcare costs while maintaining the financial sustainability of the state's healthcare system. While USofCare strongly supports the bill's intent to introduce transparency and accountability for nonprofit hospitals, we believe the current proposal to set the cap at 300% of Medicare rates falls short of delivering meaningful cost savings for Indiana consumers. Further, encouraging compliance

through state-level non-profit status is unlikely to spur change, whereas penalties for non-compliance are a proven policy lever.

Comparative state-level initiatives provide valuable insights: Oregon's experience with state employee plan hospital payments capped at 200% of Medicare rates, [generated \\$107 million](#) in savings in 2021 alone, with \$1.8 million in direct out-of-pocket reductions for employees. Similarly, other states implemented more aggressive pricing models with individual commercial plans in [Colorado capped](#) at 165% of Medicare, and contracts for state employee plans in Montana paying between 177 and 250% of Medicare. After two years of implementation, [Montana saw nearly](#) \$50M of savings. While these states did not assess penalties, the carriers were required to sell the plans to customers and created a significant revenue incentive.

These examples suggest that a more ambitious approach could yield significant benefits for Indiana consumers. By adopting a lower pricing cap—closer to between 200-250% of Medicare rates, and penalties for non-compliance—the state could further reduce healthcare costs for patients, reinvest savings into critical healthcare infrastructure, and still maintain hospital financial viability while promoting cost transparency. The proposed legislation represents an important first step in addressing healthcare affordability. We recommend the legislature consider refining the pricing and compliance provisions to maximize potential consumer savings while supporting the critical mission of Indiana's nonprofit hospitals.

With the right cost containments and structure, HB 1004 furthers these gains towards creating a more transparent, equitable healthcare system that works for all Hoosiers. By establishing reasonable limits on excessive charges while directing revenue to critical healthcare needs, this bill represents a balanced approach to addressing healthcare affordability. **United States of Care is supportive of the potential in HB 1004 and strongly encourages the committee to amend and pass this bill** which would help to ensure Hoosiers have access to the medical care they need without worrying about its cost. 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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