

# AFFORDABILITY SOLUTIONS FOR THE HEALTH OF AMERICA

Everyone deserves peace of mind when it comes to their health care. Over the last 20 years, the United States has made great strides in expanding access to health insurance with nearly 92% of Americans now [covered](#)—a historic high.<sup>1</sup> However, health care costs continue to grow, threatening affordability for American families and businesses. The average premium for an employer-provided family health insurance policy reached \$22,221 in 2021 (one-third of the median household income), nearly triple what it was in 2001.<sup>2</sup> The reason for this affordability crisis is clear: rising prices for health care services and prescription drugs. According to the Health Care Cost Institute, health care prices increased from 2016-2020 at roughly double the rate of general inflation—with prices being the primary driver of higher health care spending.<sup>3</sup>

Blue Cross and Blue Shield companies are working with local and national partners and health care providers to tackle high costs and drive real affordability solutions. To keep health care costs down for everyone regardless of how they get their coverage, we recommend policymakers take action in three areas to help attack the root causes of rising costs:

1. Improve competition among health care providers
2. Enhance consumer access to lower-cost prescription drugs
3. Ensure patients receive high-quality care delivered at the right place and the right time

**BCBSA'S AFFORDABILITY SOLUTIONS WOULD REDUCE HEALTH CARE COSTS BY  
\$767 BILLION OVER TEN YEARS  
FOR CONSUMERS, PATIENTS, AND HARDWORKING TAXPAYERS<sup>4</sup>**

## 1. IMPROVE COMPETITION AMONG HEALTH CARE PROVIDERS

Prices for health care services have significantly increased—sometimes without any improvement in quality and outcomes—as a result of reduced competition among doctors and hospitals. The trend of big hospitals and health systems acquiring physician practices often results in gaming reimbursement to maximize revenue. Improved competition would result in more reasonable prices, better health outcomes and, ultimately, lower premiums. Policymakers should:

- **Expand existing site-neutral payment policies** to restrict hospital outpatient departments from charging patients more for the same medical services that costs less in other care settings. This will

1. Katherine Keisler-Starkey and Lisa N. Bunch, "Health Insurance Coverage in the United States, 2021," U.S. Census Bureau, page 3, <https://www.census.gov/content/dam/Census/library/publications/2022/demo/p60-278.pdf>.

2. Statistics are calculated from Sarah Flood et al., Integrated Public Use Microdata Series, Current Population Survey: Version 9.0. Minneapolis, MN: IPUMS, 2021, <https://doi.org/10.18128/D030.V9.0> and Annual Employer Health Benefits Survey, Kaiser Family Foundation, for years 2001 and 2021, <https://www.kff.org/wp-content/uploads/2013/04/6458.pdf> and <https://www.kff.org/report-section/ehbs-2021-summary-of-findings/>.

3. "2020 Health Care Cost and Utilization Report," Health Care Cost Institute, May 2022, [https://healthcostinstitute.org/images/pdfs/HCCI\\_2020\\_Health\\_Care\\_Cost\\_and\\_Utilization\\_Report.pdf](https://healthcostinstitute.org/images/pdfs/HCCI_2020_Health_Care_Cost_and_Utilization_Report.pdf), and BCBSA calculations based on data from Congressional Budget Office, Consumer Price Index, Historical Data and Economic Projections, May 2022, <https://www.cbo.gov/data/budget-economic-data#4>.

4. Philip Ellis, "Savings Estimates for Options to Reduce Spending on Health Care and Private Insurance Premiums," Ellis Health Policy, January 2023, [https://www.bcbs.com/sites/default/files/file-attachments/affordability/EHP\\_Savings\\_Estimates\\_BCBSA\\_01.18.2023\\_Final.pdf](https://www.bcbs.com/sites/default/files/file-attachments/affordability/EHP_Savings_Estimates_BCBSA_01.18.2023_Final.pdf).

encourage patients to seek high-quality care provided in lower-cost settings and reduce the incentive for hospitals to acquire physician practices.

- **Improve provider competition and strengthen antitrust law enforcement** by increasing the budget of the Federal Trade Commission and expanding its authority to review and regulate anti-competitive behavior.
- **Require appropriate billing for professional health care services** to reduce errors, ensure accurate reimbursement, and lower costs for consumers.

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## 2. ENHANCE CONSUMER ACCESS TO LOWER COST PRESCRIPTION DRUGS

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Drug manufacturers have taken advantage of U.S. patent laws and Food and Drug Administration rules to charge higher prices for prescription drugs. On average, Americans pay prices that are 190% higher than consumers pay in other high-income countries. We must allow market forces to work more effectively by closing the loopholes that permit drug companies to game the system and delay patient access to lower-cost, equally effective medications. Policymakers should:

Bring generic and biosimilar competitors to market more quickly so consumers have access to these lower-cost, equally effective options.

- **Preserve the ability of health insurance providers to work with physicians and patients** to ensure that patients have access to safe and effective medicines, while providing the best value for their premium dollars.
- **Limit drug manufacturers' direct-to-consumer advertising** that steers consumers to high-cost drugs even when highly effective, lower-cost alternatives are available.
- **Support federal funding to conduct comparative effectiveness research so patients, medical professionals and payers** have information on a prescription drugs' safety, efficacy and therapeutic value in comparison to other treatment options.

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## 3. ENSURE PATIENTS RECEIVE HIGH-QUALITY HEALTH CARE DELIVERED AT THE RIGHT PLACE AND THE RIGHT TIME

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We must support efforts to reimburse health care providers for delivering safe, high-quality, cost-effective care rather than a high volume of services. Moving away from fee-for-service payments that incentivize the delivery of more services—especially if they are unnecessary or ineffective—is key to our ability to rein in unsustainable costs. Policymakers should:

- **Provide health plans with flexibility to promote telehealth services** to expand access to care for consumers.
- **Modernize prior authorization programs** as cost-effective, helpful tools in making appropriate treatment decisions.
- **Improve the ability of stakeholders to easily exchange electronic health care data** in a secure fashion to help break down the barriers to efficient and coordinated care.
- **Develop innovative payment models to accelerate the transition to value-based programs** in both private health insurance and federal health care programs.