

Madame Chair Lee & Members of the Senate Human Services Committee -

In 1960, total healthcare spending in the United States was 5.0% of GDP. By 2023, it was 17.6%. Per capita, we spend \$14,570, while the average in comparable countries like Germany, France and Canada is \$6,651. America boasts some of the best doctors and nurses in the world, who share true compassion and devotion, but costs are skyrocketing. Over 66% of Americans who file for bankruptcy do so due to medical expenses they cannot pay.

The challenges in our healthcare system are multifaceted and impossible to address in a single piece of legislation. However, because prices incentivize efficient usage of resources, HB 1594 is an important step towards fixing this system by providing greater transparency in pricing.

When patients go to a hospital, they typically follow this sequence: First, they check in, providing insurance information and personal details. Then, medical staff assess the patient's condition and recommend treatments or services. Following treatment, the hospital generates a detailed bill based on services, including tests, procedures, medications, and facility fees. The hospital negotiates prices with insurance companies, which may cover part of the costs based on the patient's plan. The patient is billed for the remaining amount, which includes deductibles, co-pays, and uncovered services. Contracts between hospitals and insurers, government regulations, and hospital operating costs influence prices.

Under the Federal Hospital Price Transparency Rule, hospitals are required to publicly disclose their standard charges for items and services, including negotiated rates with insurers, in a consumer-friendly format. Unfortunately, compliance and Federal enforcement have been inconsistent nationwide. According to Patients Rights Advocate dot Org, a nonprofit focused on healthcare price transparency, their most recent November 2024 report found only 21.1% of hospitals are fully compliant. In North Dakota, it is 0%.

The 66th Legislative Assembly tasked the ND Insurance Department with helping Legislative Management conduct an interim study of health insurance premium trends. This unique study involved a secret shopper who compared hospital prices for three common procedures: colonoscopy, normal vaginal delivery and Caesarian section. At Trinity Hospital in Minot, the cost was \$5,058 for a C-section. At Essentia Health in Fargo, costs were \$31,000, illustrating a 613% ratio of price variation.

HB 1594 strengthens medical price transparency by codifying compliance into state law, and giving the ND Insurance Commissioner tools to enforce. The penalties mirror federal penalties, but are reduced for critical access hospitals and all other providers. This includes non-hospital-owned providers, such as independently owned ambulatory surgery centers. The bill does not include skilled nursing facilities, because North Dakota is a rate-equalized state.

A lack of transparency in medical prices hurts North Dakotans. Patients often receive unexpected, confusing, and financially devastating bills for procedures they assumed were covered or reasonably priced. When price transparency is lacking, consumers lose their ability to shop for affordable care, and competition within the healthcare market is stifled.

While it may seem like there are limited options for consumers to benefit from more transparency today, having the information will help consumers compare costs across different providers, create demand for consumer options and over time, put downward pressure on prices. This legislation empowers patients to make informed financial decisions before seeking medical care. Transparency is not about price-setting or additional burdens on providers. It is about accountability, fairness, and consumer empowerment.

Thank you for your time and consideration,

Representative Jared Hendrix

