



MEMO

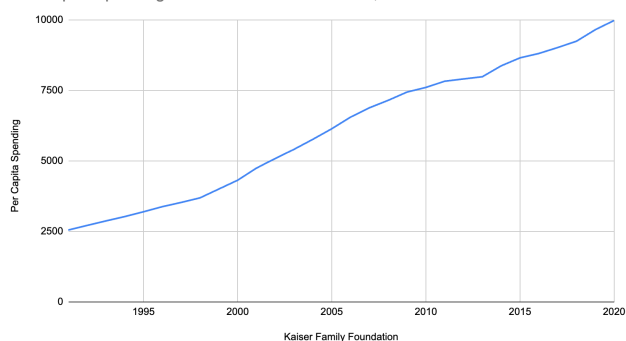
TO: Senate Committee on Health
FROM: Alex Ignatowski, Director of State Budget and Government Reform
DATE: October 4, 2023
RE: Support of Senate Bill 328, Price Transparency in Hospitals

In order to have a functioning free market system, those selling goods and services need to communicate the prices they are charging for those goods and services. At its most basic level, this allows consumers to make educated decisions when they need to make a purchase. Price signals enhance competition - driving down costs and creating efficiencies within the marketplace. The current state of affairs within the healthcare industry have left consumers with very little access to this key information, often without any clue as to the cost of the services until they receive the bill weeks later. This has made healthcare for middle-class Wisconsin families unnecessarily complicated and expensive.

Rising Costs

The cost of healthcare has become an unshakeable burden for middle-class Wisconsinites. The [national average cost](#) of an employer sponsored health plan in the US is \$22,463 annually. In 1999, the average was \$5,791. Factoring in inflation, that is an almost 52% increase since 1999. In Wisconsin, per capita spending has also increased. In 1999, the per capita spend was \$4,001, by 2020 that number had shot up to \$9,982. What's worse, according to the [RAND Corporations Hospital Price Transparency Study](#), Wisconsin has the fourth highest hospital prices in the nation. This rapid increase is unsustainable and policymakers should explore every option available to help lower the cost of healthcare in Wisconsin.

Per Capita Spending on Healthcare in Wisconsin, 1991-2020



Free Market Principles

Wisconsin's healthcare industry would benefit from the infusion of [free market principles](#). Senate Bill 328 does just that. Strengthening the federal rules already in place, SB 328 would require hospitals to make available the standard charges for certain items and services they provide in a machine readable and consumer-friendly format. These charges need to be listed by payer source or cash discount price. The bill empowers the Department of Health Services to enforce the new rules and the ability to impose monetary penalties for non-compliance. Allowing consumers to understand the actual cost of healthcare prior to the use of a service will drive competition and bring the cost of care down.

Support Senate Bill 328

SB 328 is not the silver bullet that will solve all of the issues facing the healthcare industry. However, this legislation moves the industry in the right direction, restoring this basic free market concept in healthcare. IRG Action Fund respectfully urges your support of SB 328.