

# Promoting Hospital Accountability: A Policy Agenda for Employers and Working Families

Health care costs are growing unsustainably for employers and families. Today, the average annual premium for family coverage is **nearly \$27,000**.<sup>1</sup> Much of that growth can be traced to hospital prices, which have risen **more than 220% since 2000**—far outpacing inflation and other medical costs<sup>2</sup>—and are often opaque, highly variable, and disconnected from value.

Employers use benefit design, contract negotiations, and other tools to manage these pressures. But on their own, they cannot overcome the hospital market dynamics that drive up costs.

These efforts to improve affordability require that policymakers reinforce them by promoting transparency and accountability, addressing consolidation, pricing distortions, and misaligned incentives.



## Lack of transparency hides true costs and hinders efforts to contain costs

Opaque contracting practices and billing markups obscure the true cost of care. Facility fees and other site-based charges can cause patients and employers to pay more for the same service simply because it is delivered in a hospital-owned setting—limiting employers' ability to compare providers, design affordable benefits, and negotiate lower prices.<sup>3</sup>

### RECOMMENDED ACTION:

#### Limit arbitrary and inflationary mark-ups: “Same service, same price”

- Advance **site-neutral payment reforms and eliminate facility fees** so patients and employers do not pay more for the same service based solely on site of care.
- **Align reimbursement with clinical value** and reduce unnecessary spending while preserving access to care.



## Consolidation fosters monopoly power and anticompetitive contracting practices

As hospital systems expand, they gain leverage to raise prices, restrict plan design, push patients into higher-cost settings, and limit employers' ability to guide patients toward lower-cost, high-value care—often without commensurate improvements in quality.<sup>4</sup>

### RECOMMENDED ACTION:

#### Promote competition and curb anticompetitive conduct

- **Prohibit anticompetitive contracting practices**, including anti-steering, anti-tiering, and all-or-nothing clauses, and strengthen antitrust enforcement and merger review.
- Bolster competition by **supporting independent providers** and care models that lower costs and protect access, particularly in underserved communities.



## Steep markups and lack of accountability for government benefits reinforce incentives

Hospitals receive significant public subsidies, including tax exemptions and discounted drug pricing through 340B, but these benefits often lack transparency and accountability—and can reinforce the incentives for consolidation, shifting care to higher-cost settings, and predatory pricing practices that increase costs for employers and working families.

### RECOMMENDED ACTION:

#### Ensure working families benefit from discounts and tax breaks

- Establish **clear, enforceable standards** for community benefit, charity care, and responsible billing practices to hold tax-exempt hospitals accountable.
- **Strengthen reporting and oversight for 340B and other public subsidies** so they translate into lower costs, improved access, and meaningful support for patients and purchasers.

Hospitals are essential to every community. Advancing accountability is not about blame; it is about sustaining affordability, access, and trust for those who rely on them.

**Policymakers have a critical role to play.** By reinforcing employer-led efforts with clear standards and effective oversight, stakeholders can move toward a system where hospital pricing is transparent, accountable, and aligned with value.



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full position paper:

Learn more at [HospitalAccountabilityNow.org](https://HospitalAccountabilityNow.org)

<sup>1</sup> KFF

<sup>2</sup> Baker Institute

<sup>3</sup> Health Care Cost Institute

<sup>4</sup> KFF