



February 10, 2026

The Honorable Liz Krueger
Chair, Finance Committee
New York State Senate
Albany, NY 12247

The Honorable J. Gary Pretlow
Chair, Ways and Means Committee
New York State Assembly
Albany, NY 12247

Re: New York State Joint Legislative Budget Hearing on Health

Dear Chairs Krueger and Pretlow:

Thank you for the opportunity to provide testimony for the New York State Joint Legislative Budget Hearing on Health. **On behalf of Families USA, we write today to express our strong support for the *Fair Pricing Act (S.705/A.2140)* and urge you and your colleagues to include a “fair pricing” policy in your One-House Budget proposal — and ultimately to pass the *Fair Pricing Act* as a part of the state budget.**

For more than 40 years, Families USA has been working to achieve our vision of a nation where the best health and health care are equally accessible and affordable to all. The *Fair Pricing Act* is a landmark bill that would move us closer to that vision by providing much-needed relief from high health care costs to millions of families and individuals across New York, while saving over \$1 billion annually in state health care spending, all by establishing a fair and standard price for routine services regardless of where they are delivered.¹ **This legislation is essential to realizing a health system that holds the health care industry accountable for delivering affordable and accessible health care for all New Yorkers.**

The Problem: A Health Care System in Crisis

The United States health care system is in crisis, driven by a fundamental misalignment between the business interests of the health care sector and the health and financial security of our nation’s families. This business model has enabled industry to set, and relentlessly increase, prices that have little to do with quality of the care and contribute to a nationwide lack of affordability that has saddled millions of people with debt. High and irrational health care prices are largely due to trends in health care industry consolidation that have eliminated competition and allowed monopolistic pricing to push our nation’s families to the brink of financial ruin.²

Across the U.S., Americans report struggling to manage health care expenses and keep up with rising costs.³ An estimated 72.2 million—or nearly one in three—⁴ American adults did not seek needed care in the prior three months due to cost.⁵ When people in the U.S. do seek care, they are burdened with unmanageable costs and often forced to choose between basic necessities and paying their health care bills. Now, over 40% of U.S. adults — an estimated 100 million people—face medical debt and nearly one third report that the high cost of health care

interferes with their ability to provide health care benefits to employees over the next five to 10 years if costs are not lowered.⁶⁷

High and rising health care costs are a critical problem for national and state governments, and affect the economic vitality of middle-class and working families – harming the ability of working people to earn a living wage. Today's real wages – wages after accounting for inflation – are roughly the same as four decades ago, while employer health insurance premiums have risen dramatically.⁸ At the same time, nearly 90% of large employers say that rising health care costs will threaten their ability to provide health care benefits to employees over the next five to 10 years if costs are not lowered.⁹

Notably, the excessive cost of health care does not generally buy Americans higher-quality care or even higher volumes of care. In fact, the opposite is true. Despite spending two to three times more on health care than other industrialized countries, the United States has some of the worst health outcomes,¹⁰ including some of the lowest life expectancy and highest infant mortality rates.¹¹ These health outcomes are even worse for people of color who experience higher rates of illness and death across a range of health conditions compared to their white counterparts.¹²

Impact of the Affordability Crisis on New Yorkers

As Americans across the United States experience a severe health care affordability and quality crisis, so too do residents of the state of New York. New York has the highest health insurance prices in the country, with businesses and consumers paying over \$9,500 on average in 2024 for single, private employer-sponsored insurance—13% higher than the national average.¹³ As is the case across the U.S., high and rising hospital prices are a major driver of these growing health care costs and increased spending. **Between 2007 and 2020, New York hospital prices grew 7 times faster than worker's paychecks.¹⁴ Now, New York's per capita hospital spending is \$5,500—43% higher than the national average of \$3,885 and 22% higher than only a decade ago—demonstrating an alarming trend in hospital pricing.¹⁵**

As a result of high hospital prices, millions of New Yorkers across the state are forced to choose between their health and their financial security. Surveys show that most New Yorkers are concerned they will not be able to pay for usual health care services and last year, two out of every three New Yorkers (66%) delayed or went without healthcare due to cost.¹⁶ One-third of New Yorkers have faced significant financial hardship due to medical costs they couldn't afford, with some reporting being unable to pay for food or housing, racking up large amounts of credit card debt, or having to declare bankruptcy.¹⁷

New York taxpayers are becoming increasingly strained as high hospital prices lead to higher public spending on health benefit programs for state and city employees. In 2021, New York State spent \$10.3 billion providing health benefits to public employees and retirees, nearly half of which (\$4.2 billion) was spent on hospital services.¹⁸ In 2022, New York city spent \$8.8 billion

providing health benefits to the over \$600,000 public employees and retirees.¹⁹ As high hospital prices drive up the cost of city and state employee health benefits, employee compensation as a whole takes a hit, as does the total budget for other public services.²⁰

The Role of Site of Service Payment Differences

The *Fair Pricing Act* addresses the problem of high and rising health care prices by targeting a key driver of high prices and health care consolidation: site of service payment differentials. Site of service payment differentials allow hospitals to charge higher prices than an independent physician practice, community health clinic, or other facility not attached to or associated with a hospital—for the exact same services. While initially intended to account for the higher overall costs associated with delivering services in a hospital setting, these payment differences are now being exploited by major corporate health systems to drive up profits at the expense of New Yorkers and patients across the U.S.²¹ As a result of site of service payment differentials, major corporate hospital systems are incentivized to:

1. Drive routine care delivery to higher cost settings, specifically Hospital Outpatient Departments (HOPDs), which are facilities owned by and often attached to hospitals.
2. Buy up doctors' offices and rebrand them as HOPDs to generate higher payments and build market dominance.

Importantly, these large hospital corporations leverage the broken incentives created by these payment differentials to sustain their business models: purchase hospitals and doctors' offices to become large corporate health care systems that increase prices year after year and maximize service volumes for the highest-priced services.²²

As corporate hospital systems have consolidated, it has become increasingly difficult for commercial payors, unions, and employers to negotiate lower prices. Employers and unions providing health insurance in New York are paying an estimated 250% more than Medicare pays for the same hospital services, as compared to 35 years ago when prices paid to hospitals by commercial insurers were only 10% higher than Medicare rates.²³ Additionally, as major systems continue to buy up local doctor's offices, clinics, and ambulatory surgical centers, patients have lost choice in providers, often being forced to receive their services from a higher cost HOPD setting. In fact, patients are often unaware that their provider has been bought by a hospital and now bills as a HOPD, resulting in facility fees or higher payments for services they are used to getting at a much lower cost.²⁴

Even more alarming are the differences in prices for services delivered at an independent doctor's office versus an HOPD, despite no variation in quality or the service itself. Claims data from the 32BJ Health Fund show an average aggregate cost of \$23 for flu shot administration in the doctor's office compared to \$183 in the hospital outpatient department, nearly a 700% price increase for a service that takes minutes to complete regardless of the site of delivery.²⁵ A flu shot should not cost eight times more simply because a hospital owns the building. Routine care should stay routine in cost.

To be clear, these services are increasingly being shifted to the HOPD setting without clinical reason. While some services need to be delivered in a hospital setting to ensure the health and safety of patients, numerous routine services – such as MRIs, drug administration, vaccine administration, and gynecological exams – have been determined to be safe and effective if delivered in a traditional doctor's office.

The nonpartisan experts at the Medicare Payment Advisory Commission (MedPAC) have issued clear recommendations that aligning payments for services that can safely and effectively be delivered in all settings would address underlying payment distortions and lower health care costs for families across the U.S.²⁶ The *Fair Pricing Act* would do just that for New Yorkers.

What the Legislature Can Do: Include a “Fair Pricing” Policy Modeled after the *Fair Pricing Act* (S.705/A.2140) in the One-House Budget Proposal

The *Fair Pricing Act* is essential to realizing a health system that holds the health care industry accountable for delivering affordable and accessible health care for all New Yorkers.

The Fair Pricing Act restores fairness by ensuring that routine medical services—such as flu shots, X-rays, MRIs, or cast removal—cost the same no matter where they are performed. By aligning payment rates for a set of routine services that can be safely and effectively delivered in all health care settings to 150% of the Medicare rate, the *Fair Pricing Act* would significantly reduce wasteful health care spending and mitigate a key financial incentive for hospital consolidation.

Further, the bill is designed to allow flexibility for evolving payments due to changing costs or genuine necessity for services to be delivered in a setting that can provide a higher level of care. for appropriate tailoring of payments for services that might warrant higher payments. Medicare rates are the most accurate approximation of the true cost of providing care that is currently available, as they continue to adjust over time based on resource use, input costs, and other economic factors and account for regional variation in cost-of-living. And by excluding services delivered in the inpatient or emergency room setting, the bill acknowledges the higher costs associated with hospital care while establishing a fair price for routine services.

By ensuring that consumers are paying the same, fair price for the same routine service no matter the setting, the *Fair Pricing Act* could save \$72 million for New York State and \$1.14 billion for New Yorkers overall, providing much needed relief to families and redirecting essential dollars back into state, local, and household budgets.²⁷

Conclusion

New Yorkers are demanding action - **recent polling reports that 89% of New York voters support the *Fair Pricing Act*.**²⁸ New York has an immediate opportunity to lead the nation with

a bold reform that would rein in high health care costs while being responsive to the needs of New Yorkers. Families USA is excited to stand with New York stakeholders and support the passage of the first-of-its-kind state price cap for routine outpatient services.

Thank you again for your work to improve health care affordability for families across New York and for the opportunity to provide testimony today. For further information, please contact Alicia Camaliche, ACamaliche@FamiliesUSA.org.

Sincerely,

Families USA

¹ 32BJ Labor Industry Cooperation, “The Need for Fair Hospital Pricing Action in New York”, September, 2024, https://32bjhealthinsights.org/wp-content/uploads/2024/09/09.12.24_32BJ_NYFairHospitalPricingAction-FINAL-PRINT-VERSION.pdf

² Robert A. Berenson et al., Addressing Health Care Market Consolidation and High Prices, The Urban Institute https://www.urban.org/sites/default/files/publication/101508/addressing_health_care_market_consolidation_and_high_prices_1.pdf. See also, Naomi N. Levey, “100 Million People in America are Saddled with Health Care Debt,” Kaiser Health News, June 16, 2022, Health <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>

³ West Health-Gallup, “West Health-Gallup Health Care Affordability and Value Indexes 2021-2024”, July, 2024, <https://westhealth.org/news/new-study-reveals-more-struggling-to-afford-healthcare/#:~:text=Forty%2Dfive%20percent%20of%20American,3%25>).

⁴ Ibid.

⁵ Emma Wager, Jared Ortaliza, and Cynthia Cox, How Does Health Spending in the U.S. Compare to Other Countries?, PetersonKFF Health System Tracker, January 21, 2022, <https://www.healthsystemtracker.org/>. See also, Nisha Kurani, Emma Wager, How does the quality of the U.S. health system compare to other countries?, Peterson-KFF Health System Tracker, September 30, 2021. <https://www.healthsystemtracker.org/>.

⁶ “Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds,” Kaiser Family Foundation, April 29, 2021, Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds | KFF

⁷ Naomi N. Levey, *100 Million People in America are Saddled with Health Care Debt*, Kaiser Health News, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>. See also, NORC at the University of Chicago and West Health, Americans’ Views on Healthcare Costs, Coverage and Policy, March 2018 <https://www.norc.org/NewsEventsPublications/PressReleases/Pages/survey-finds-large-number-of-people-skipping-necessarymedical-care-because-cost.aspx>

⁸ Drew DeSilver, “For Most U.S. Workers, Real Wages Have Barely Budged in Decades,” Pew Research Center, August 7, 2018, <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decade>. See also, Gary Claxton et al., Health Benefits in 2022: Premiums Remain Steady, Many Employers Report Limited Provider Networks for Behavioral Health. Health Affairs, October 27, 2022. https://www.healthaffairs.org/stoken/tollfree/2022_11_CLAXTON/full

⁹ “Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds,” Kaiser Family Foundation, April 29, 2021, Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds | KFF

¹⁰ Emma Wager, Jared Ortaliza, and Cynthia Cox, How Does Health Spending in the U.S. Compare to Other Countries?, PetersonKFF Health System Tracker, January 21, 2022, <https://www.healthsystemtracker.org/>. See also,

Nisha Kurani, Emma Wager, How does the quality of the U.S. health system compare to other countries?, Peterson-KFF Health System Tracker, September 30, 2021. <https://www.healthsystemtracker.org/>.

¹¹ Munira Z. Gunja et al., U.S. Health Care from a Global Perspective, 2022: Accelerating Spending, Worsening Outcomes, Commonwealth Fund (Jan. 31, 2023), <https://www.commonwealthfund.org/publications/issue-briefs/2023/jan/us-health-care-global-perspective-2022>; OECD (2023), Life expectancy at birth (indicator). doi: 10.1787/27e0fc9d-en (Accessed on 27 January 2023); See also, Peterson-KFF Health System Tracker: Health Consumption Expenditures Per Capita. <https://www.healthsystemtracker.org/chart-collection/health-spending-u-s-compare-countries2/#Health%20consumption%20expenditures%20per%20capita,%20U.S.%20dollars,%20PPP%20adjusted,%202020%20or%20one%20year> (accessed 27 January 2023).; See also, Rabah Kamal, Julie Hudman, and Daniel McDermott, "What Do We Know About Infant Mortality in the U.S. and Comparable Countries?" Peterson-KFF Health System Tracker, October 18, 2019, <https://www.healthsystemtracker.org/>

¹² 1 "Racism and Health," Centers for Disease Control and Prevention, last reviewed November 24, 2021, <https://www.cdc.gov/minorityhealth/racism-disparities/index.html>

¹³ Bill Hammond, "Why New York Premium Prices Keep Going Up", Empire Center, October, 2025, [https://www.empirecenter.org/publications/why-new-yorks-health-premiums-keep-going-up/#:~:text=New%20York's%20health%20insurance%20premiums%20are%20some,and%20fifth%20for%20family%20coverage%2C%20at%20\\$27%2C188](https://www.empirecenter.org/publications/why-new-yorks-health-premiums-keep-going-up/#:~:text=New%20York's%20health%20insurance%20premiums%20are%20some,and%20fifth%20for%20family%20coverage%2C%20at%20$27%2C188).

¹⁴ 32BJ Labor Industry Cooperation, "The Need for Fair Hospital Pricing Action in New York", September, 2024, https://32bjhealthinsights.org/wp-content/uploads/2024/09/09.12.24_32BJ_NYFairHospitalPricingAction-FINAL-PRINT-VERSION.pdf

¹⁵ Bill Hammond, "New York's Pricey Hospitals Draw Pushback From Labor," Empire Center, 2023 <https://www.empirecenter.org/publications/the-high-price-of-hospital-care/>; See also,

¹⁶ "How New Yorkers Feel About Affordability and Healthcare", Perryundem, March 2022, https://smhttp-ssl-58547.nexcesscdn.net/nycss/Affordability_NY_D4.pdf; See also, Health Care Value Hub, "New York State Survey Respondents Struggle to Afford High Health Care Costs; Worry about Affording Health Care in the Future; Support Government Action Across Party Lines", March, 2025, <https://healthcarevaluehub.org/uncategorized/new-york/2025/new-york-state-survey-respondents-struggle-to-afford-high-health-care-costs-worry-about-affording-health-care-in-the-future-support-government-action-across-party-lines/>

¹⁷ "How New Yorkers Feel About Affordability and Healthcare", Perryundem, March 2022, https://smhttp-ssl-58547.nexcesscdn.net/nycss/Affordability_NY_D4.pdf

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²² Palmisano, Loren Adler, et al. 2018. "CMS' Positive Step on Site-Neutral Payments and the Case for Going Further." Brookings. August 10, 2018. <https://www.brookings.edu/blog/usc-brookings-schaeffer-on-health-policy/2018/08/10/cms-positive-step-on-site-neutral-payments-and-the-case-for-going-further/>

²³ 32BJ Labor Industry Cooperation, "The Need for Fair Hospital Pricing Action in New York", September, 2024, https://32bjhealthinsights.org/wp-content/uploads/2024/09/09.12.24_32BJ_NYFairHospitalPricingAction-FINAL-PRINT-VERSION.pdf

²⁴ Ibid.

²⁵ 32BJ Labor Industry Cooperation, "The Need for Fair Hospital Pricing Action in New York", September, 2024, https://32bjhealthinsights.org/wp-content/uploads/2024/09/09.12.24_32BJ_NYFairHospitalPricingAction-FINAL-PRINT-VERSION.pdf

²⁶ MedPAC. 2014. "Report to Congress: Medicare Payment Policy." https://www.medicare.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/mar14_entirereport.pdf; See also, Medicare and the Health Care Delivery System." https://www.medicare.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf; See also, MedPAC. 2023. "Report to Congress: Medicare Payment Policy." https://www.medicare.gov/wp-content/uploads/2023/03/Mar23_MedPAC_Report_To_Congress_SEC.pdf

²⁷ 32BJ Labor Industry Cooperation, "The Need for Fair Hospital Pricing Action in New York", September, 2024, https://32bjhealthinsights.org/wp-content/uploads/2024/09/09.12.24_32BJ_NYFairHospitalPricingAction-FINAL-PRINT-VERSION.pdf

²⁸ Ben Tulchin et al, “Polling in New York Finds Overwhelming Support for ‘Fair Pricing Act’ legislation”, Tulchin Research, January 17th 2025, <https://www.politico.com/f/?id=00000194-957c-dbde-a7d6-f57ff17e0000>