

## Chris Severn Written Statement

We started Turquoise Health in 2020 as a direct response to the 2019 executive orders on price transparency for hospitals and health insurers. In my 10-year background working with the secret contracts negotiated between providers and insurers, it was clear this sudden profusion of price transparency data would both spur healthcare price competition and reform the patient-financial experience. Prior to January of 2021, there was no accessible market data for patients to price shop. Perhaps equally important, there was no data to drive regional macroeconomic price competition.

In late 2020 as we prepared to launch Turquoise, a platform that would allow patients to browse these new prices for free, bipartisan efforts in Congress passed the No Surprises Act. This new legislation detailed a much needed workflow for communicating Good Faith Estimates for insured patients. Critically, it also outlined an avenue for patients to dispute inaccurate estimates after the fact.

These three laws each mandate essential data and system changes that will finally permit insured patients and their employers to know the cost of care. Any significant modifications to these laws could lead to the overall dilution of the intended dual aims of creating competition and empowering savvy consumers of healthcare.

There are three main themes I aim to shed light on today:

1. What is the state of compliance with existing transparency mandates?
2. What impacts are we already observing on the economics of healthcare?
3. In what areas can additional government effort further the impact of these laws?

**On the state of compliance.** Turquoise is one of the few data companies that monitors all 6,000 hospital websites on a quarterly basis, and all health insurance websites on a monthly basis. As of March 1st,

we've seen over 5,100 hospitals publish pricing information, compared to just 1,800 hospitals this time in 2021.

Health insurers were required to publish pricing data 18 months after hospitals, starting July 1st of 2022. As of March 1st, we've discovered over 180 insurers with pricing data published, an increase from 69 in July of last year. We estimate these prices to represent 96% of covered commercially insured lives in the United States.

Notably, the new insurance-disclosed data represents prices for all types of providers, not just hospitals. This creates a compelling new competitive dynamic around the site of care: when is it most cost effective to treat in a hospital, surgery center, or at home?

**On the impact of the new transparency mandates.** The sudden infusion of billions of healthcare prices into the system requires time for the industry and innovators like Turquoise to adjust. The initial setup time required for data ingestion, software development, and consumer adoption explains much of the gap in perception between the optimism felt by startups like Turquoise and the skepticism felt in the press.

Turquoise now has nearly 50,000 website visitors browsing prices for free every month, a 400% increase from a year ago. This data also reaches patients and employers through 20 distribution partners working on care navigation. Critically, we're also beginning to see this data embedded into the clinician workflow at the time of referral.

Will these new efforts decrease the costs of healthcare in the US? There is existing literature to support that competition and consumer choice will lead to lower prices. But these new laws also present a second massive opportunity to reduce the administrative cost of healthcare, which studies note to exceed 30% of

healthcare expenditure in the US, by standardizing the payment of medical claims and the reimbursement methods negotiated between providers and insurers.

That being said, we are still far from seeing the full impact of this new data on the industry. While dozens of academic researchers now use this new data to monitor and publish on economic progress, **we need continued government intervention to carry out price transparency's potential.** Notably:

1. Hospitals and payers should be held accountable to publish transparency data. Enforcement has lagged, and this delays progress for patients.
2. The No Surprises Act needs enforcement dates set for key outstanding critical measures, such as the convening of Good Faith Estimates across multiple providers, and the provision of the Advanced Explanation of Benefits. These requirements permit the vast majority of America's commercially insured patients to benefit from the consumer protections of the law.
3. Finally, hospitals should be required to publish data in a standard format. CMS introduced this format in November of 2022 as a recommendation, and this should be made a requirement as soon as possible in order to create cleaner data sets for patients.

Thank you for your time today and your continued focus on healthcare price transparency in the United States.

**View associated reference information for monitoring the progress of price transparency:**

- Turquoise Health's March 2023 Price transparency progress report:
  - [blog.turquoise.health/march-price-transparency-progress-report](https://blog.turquoise.health/march-price-transparency-progress-report) (releasing on 3/27)
- Select academic research power by the new price transparency data:
  - [blog.turquoise.health/price-transparency-research-studies-powered-by-turquoise-health](https://blog.turquoise.health/price-transparency-research-studies-powered-by-turquoise-health)