



# The State of Employer-Sponsored Health Care in Texas

Employer-sponsored health care affects over 14 million Texans<sup>1</sup>, and its rising costs have placed considerable stress on employers and employees alike. This report provides a high-level overview of the challenges facing our health care system and the solutions we're advocating for to ensure sustainable, affordable coverage.

## Key Takeaways

- » **Health care prices are outpacing inflation, largely due to market consolidation.**
- » **High health care prices are making health care unaffordable for many Texans and forcing them to make difficult choices about their care (e.g., skipping appointments, stretching prescriptions to last longer) or go into medical debt.**
- » **Policymakers have taken important steps to address high health care prices and should continue to pursue innovative strategies to reduce health care prices while maintaining the quality of and access to care.**
- » **Honest Billing, Price Transparency, and Quality Transparency all contribute to improving the Texas employer healthcare system by ensuring that employers and employees alike are fully informed about healthcare costs and outcomes.**

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<sup>1</sup> KFF's State Health Facts. Data Source: 2008-2023 American Community Survey, 1-Year Estimates. [Kaiser Family Foundation. Health Insurance Coverage of the Total Population. 2023](#)



## Health care prices are outpacing inflation

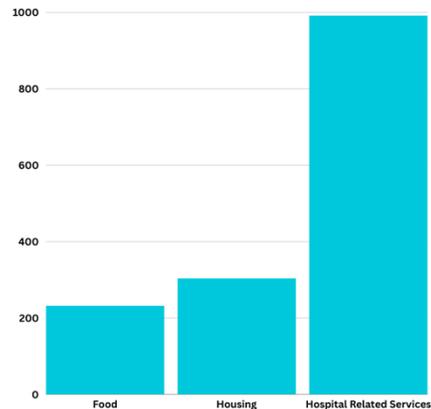
Consumer Price Index (CPI) data compiled by the Bureau of Labor Statistics reveals a troubling disconnect between overall inflation and the rising price of health care.

Health policy expert and TXEAHC board member Paul Keckley noted<sup>2</sup> that since 1982 when the U.S. Bureau of Labor Statistics began recording monthly CPI price changes, food prices have increased by 232% and housing prices have increased by a whopping 304%.<sup>3</sup> But that's nothing compared to health care prices.

During that same period, the price of medical products (including prescription drugs and over-the-counter medications) increased by 316%. Medical services

increased by 515%. And hospital prices increased by a staggering 992%.

**Percentage increase in consumer prices  
(1982-2024)**



Source: Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by detailed expenditure category - 2024 M09 Results (bls.gov)

These numbers highlight a critical threat to our economy and pose an immediate challenge for employers and their employees but also for policymakers who must identify ways to keep skyrocketing health care prices from eroding broader economic gain along with access to affordable care.

For employers, who sponsor coverage for nearly half of the Texas population, the implications are clear: the current trajectory of health care expenses is unsustainable. For policymakers, addressing the

<sup>2</sup> Keckley, P. *Do Healthcare Prices Matter?* Oct. 13, 2024.

<https://paulkeckley.com/the-keckley-report/2024/10/13/do-healthcare-prices-matter/>

<sup>3</sup> Bureau of Labor Statistics, U.S. Department of Labor, Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by detailed expenditure category, September 2024, at <https://www.bls.gov/news.release/cpi.t02.htm>

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skyrocketing health care prices should be a top priority.

### Market consolidation is driving up health care prices

A substantial body of evidence indicates that market consolidation is driving up health care prices. A 2022 RAND Corporation report noted that a hospital merger can result in price increases by as much as 65%.<sup>4</sup>

In 2022, all but one Texas metro area had highly concentrated hospital markets<sup>5</sup> according to standards of the Antitrust Division of the U.S. Department of Justice.<sup>6</sup> In 76% of

<sup>4</sup> Liu, Jodi L., Zachary M. Levinson, Annetta Zhou, Xiaoxi Zhao, PhuongGiang Nguyen, and Nabeel Qureshi, Environmental Scan on Consolidation Trends and Impacts in Health Care Markets. Santa Monica, CA: RAND Corporation, 2022. [https://www.rand.org/pubs/research\\_reports/RRA1820-1.html](https://www.rand.org/pubs/research_reports/RRA1820-1.html)

<sup>5</sup> Godwin, J.; Levinson, Z.; and Neuman, T. *One or Two Health Systems Controlled the Entire Market for Inpatient Hospital Care in Nearly Half of Metropolitan Areas in 2022*, (KFF, October 1, 2024) <https://www.kff.org/health-costs/issue-brief/one-or-two-health-systems-controlled-the-entire-market-for-inpatient-hospital-care-in-nearly-half-of-metropolitan-areas-in-2022/>

<sup>6</sup> Antitrust Division, U.S. Department of Justice. *Herfindahl-Hirschman Index*. January 17, 2024. <https://www.justice.gov/atr/herfindahl-hirschman-index>

Texas metro areas, one health system controlled over half of the market, and two—Eagle Pass and San Angelo—operated under pure monopoly conditions.

### The burden of high health care prices falls heavily on employers

Health care prices are rising faster than inflation and are eating into wages<sup>7</sup> and driving unemployment and job losses.<sup>8</sup>

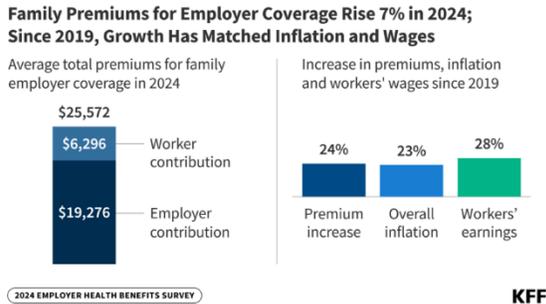
Family premiums for employer-sponsored health insurance rose 7% in 2014 to reach an average of \$25,572 annually according to KFF's 2024 benchmark Employer Health Survey.<sup>9</sup>

<sup>7</sup> Miller, J. TuftsNow. Cost of Employer-Sponsored Health Insurance is Flattening Worker Wages, Contributing to Income Inequality. Jan. 16, 2024. <https://now.tufts.edu/2024/01/16/cost-employer-sponsored-health-insurance-flattening-worker-wages-contributing-income>

<sup>8</sup> Yale News. Rising health care prices are driving unemployment and job losses. June 24, 2024. <https://news.yale.edu/2024/06/24/rising-health-care-prices-are-driving-unemployment-and-job-losses>

<sup>9</sup> Claxton, G.; Rae, M.; Winger, A.; Wager, E. Employer Health Benefits: 2024 Annual Survey, (KFF, Oct. 9, 2024) <https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2024-Annual-Survey.pdf>

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This is the second year in a row that premiums are up 7%, and employer-sponsored health premiums are expected to rise another 9% in 2025.<sup>10</sup>

### High prices are pushing Texans into medical debt

On average, 10.7% of Texas adults—around 2.3 million people—report having medical debt in a given year.<sup>11</sup> Tarrant and Dallas County have the highest concentration of medical debt in the nation.<sup>12</sup>

<sup>10</sup> Desilva, H. Modern Healthcare. Employer health plan costs expected to rise 9% in 2025: Aon. Aug. 15, 2024.

<https://www.modernhealthcare.com/insurance/employer-health-plan-costs-aon-2025>

<sup>11</sup> Rakshit, S.; Rae, M.; Claxton, G.; Amin, K.; and Cox, C. The burden of medical debt in the United States, (KFF, Feb. 12, 2024)

<https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>

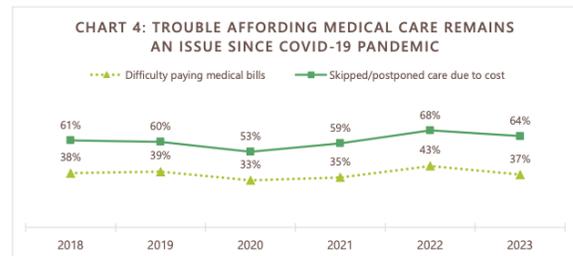
<sup>12</sup> Levey, N. The Texas Tribune. Few places have more medical debt than Dallas-Fort Worth, but hospitals

**“The fact that medical debt is a struggle even among households with health insurance and middle incomes indicates that simply expanding coverage will not erase the financial burden caused by high cost-sharing amounts and high prices for medical services and prescription drugs.”**

—KFF

### High prices are causing Texans to delay or skip health care

In addition to the economic impact, high prices threaten a public health crisis.



A recent survey by Episcopal Health Foundation found that almost two-thirds of Texas adults (64%) had skipped or postponed health care—including recommended

there are thriving. Sept. 30, 2022.

<https://www.texastribune.org/2022/09/30/dallas-for-t-worth-medical-debt/>

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medical testing, getting mental health care, and filling prescriptions—because of the cost.<sup>13</sup>

### **Policymakers should continue to pursue innovative strategies to reduce health care prices**

Texas lawmakers have taken important steps to address the root causes of high health care prices in recent years including House Bill 711 (88R), which banned certain anti-competitive contracting practices. But as the data makes clear, more needs to be done.

A recent survey conducted by the nonprofit organization Public Agenda found that nearly two-thirds of Americans support government-mandated price controls for hospitals, doctors, and other medical providers—including nearly half of Republicans.<sup>14</sup>

<sup>13</sup> Sim, S., Barnes, A., Sutton, J., E., Ben-Porath, E., (2024). Texans' Perspectives on and Experiences with Health Policy, Affordability, and Access. Retrieved from:

<https://www.episcopalhealth.org/wp-content/uploads/2024/09/SSRS-Policy-2024.pdf>

<sup>14</sup> Silliman, R. and Su, D. Public Agenda. Regulating Health Care Providers' Prices: Insights from People with Employer-Sponsored Insurance. 2024.

<https://publicagenda.org/resource/esi-2024/>

### **Texas lawmakers have options that will reign in out-of-control prices by improving market competition.**

#### *Honest Billing*

Too often patients are going to their doctor's office and getting a bill for hospital care.

That's what happened to a Houston mother who took her kids to the doctor and received a bill for a \$290 charge labeled "observation/treatment room," and another fee of \$405 for a "room, staff and supply charge."<sup>15</sup>

Patients should only be billed for the care they received at the location where they received it. That's honest billing.

<sup>15</sup> Davis, A. and Slaydon, A. KPRC 2. 'It's absolutely outrageous': Houston resident charged surprise \$400 'facility fee' after doctor visit. May 2, 2024.

<https://www.click2houston.com/news/investigates/2024/05/02/its-absolutely-outrageous-houston-resident-charged-surprise-400-facility-fee-after-doctor-visit/>

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### *Fully-Fund the Texas All-Payer Claims Database*

One of the biggest problems in health care economics is price variation.<sup>16</sup> The same service can cost up to ten times more based on who is paying or where the service is delivered.

An All-Payer Claims Database (APCD) can provide researchers with real data essential to identifying market inefficiencies and help employers make informed decisions about how to reduce health care costs.

### *Price Transparency*

Hospital price transparency is a crucial first step towards reining in skyrocketing health care expenses. But transparency alone is not enough.

If hospitals publish estimates instead of actual prices, patients can be in for a rude awakening once the bill arrives. That's what happened to a man in Ohio after he received an unexpected

\$76,000 bill that forced him into bankruptcy.<sup>17</sup>

In order to make informed decisions, Texans need actual prices not estimates.

### *Quality Transparency*

Chapter 1460 of the Texas Insurance Code currently prohibits a health benefit plan issuer, including a subsidiary or affiliate, from ranking physicians, classifying physicians into tiers based on performance, or publishing physician-specific information that includes rankings, tiers, ratings, or other comparisons of a physician's performance against standards, measures, or other physicians without undertaking a burdensome process that includes allowing physicians an extended opportunity to dispute the ranking or classification.

<sup>16</sup> Mathews, A; McGinty, T.; Evans, M. The Wall Street Journal. How Much Does a C-Section Cost? At One Hospital, Anywhere From \$6,241 to \$60,584. Feb. 11, 2021. <https://www.wsj.com/articles/how-much-does-a-c-section-cost-at-one-hospital-anywhere-from-6-241-to-60-584-11613051137>

<sup>17</sup> Kershaw, J. The Columbus Dispatch. Surgery left me in a crippling \$76,000 hole. This shouldn't happen in Ohio. June 24, 2024. <https://www.dispatch.com/story/opinion/columns/guest/2024/06/26/ohio-house-bill-hospital-price-transparency-bill-49/74069470007/>

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In effect, this bars health benefit plans from informing patients where they can find the best care for their money.

Texans deserve quality transparency so that employers can design intelligent benefit plans and patients can make informed decisions about their care.

**We can work together to bring real change.**

### *About Texas Employers for Affordable Health Care*

We're a 501(c)(4) nonprofit organization mobilizing employers, families and other health care stakeholders across the state of Texas to rein in the excessive prices paid for employer-sponsored health care.

### *How to Get Involved*

**Stay Informed:** Keep up with the latest news and updates by visiting our website and following us on LinkedIn.

**Engage with Legislators:** Reach out to your elected representatives to express support for policies that promote health care affordability.

**Spread the Word:** Make sure your friends and colleagues have the facts and know how to get involved by encouraging them to sign up for our monthly newsletter!