



December 13, 2019

Dear Member of Congress:

I write in opposition to price-fixing mechanisms in the “Lower Health Care Costs Act,” legislation released earlier this month by the Senate Health, Education, Labor, and Pensions (HELP) Committee and the House Energy and Commerce (E&C) Committee. As Congress looks to its final legislative days of 2019, lawmakers should not attach this proposal to a must-pass government funding vehicle.

This legislation proposes addressing payment disputes related to surprise medical billing through the creation of a new price fixing mechanism in the form of a rate-setting for any payments made to out-of-network providers.

Americans for Tax Reform has long expressed concerns with proposals that directly or indirectly impose price controls on the US healthcare system. Price controls are bad policy because they utilize government power to forcefully lower costs in a way that distorts the economically efficient behavior and natural incentives created by the free market.

In this case, the government would set a benchmark rate to resolve out-of-network payment disputes between insurers and providers. The government would set this rate at 100 percent of the in-network rate.

Benchmark rate-setting would allow government bureaucrats to interfere in private negotiations between insurers and providers.

Conservative lawmakers have expressed significant opposition to price fixing mechanisms within healthcare. For instance, 192 Republicans opposed H.R. 3, legislation that would impose price controls on pharmaceutical innovation under threat of a 95 percent excise tax.

Given this opposition, any approach to surprise billing should include market-based provisions rather than distortionary price fixing mechanisms.

As the end of the year rapidly approaches, lawmakers need to take a serious, deliberative approach in addressing the problem of surprise billing instead of rushing to pass a flawed proposal that would impose price controls on our health care system.

Onward,

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