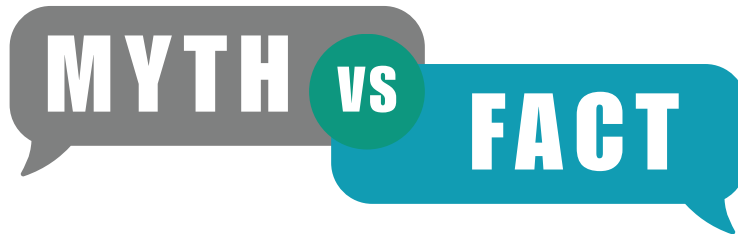


NEW JERSEY
COALITION FOR
AFFORDABLE HOSPITALS

**HEALTH CARE ACCOUNTABILITY LAW
A5376/S4299**



Myth: This bill unfairly cuts hospital revenue.

Fact: This bill puts hospital and healthcare spending growth on a budget, limiting growth in spending to $\approx 3\%$ per year so that it does not outpace income growth.

Myth: This bill unfairly blames hospitals for rising healthcare costs.

Fact: Hospital services spending is the single largest component of New Jersey's health care spending and has grown even faster than all other health care spending growth, which already outpaces inflation and income growth.

Myth: The real problem with health care costs in NJ is pharmaceutical spending.

Fact: NJ enacted legislation in 2023 capping out of pocket costs for certain prescriptions, improving data collection on drug pricing, and increasing oversight of Pharmacy Benefit Managers. However, there is no legislation addressing hospital prices. Also, drug spending data would be incorporated into the cost growth benchmark program when cost drivers are analyzed.

Myth: Hospitals operate on thin margins and need to charge high prices to stay open.

Fact: That isn't always the case. In 2023, S&P 500 companies operated on a 9-11% profit margin whereas major NJ hospital systems operated with profit margins anywhere from 8-45%. Still, this bill allows hospitals to explain the reasons for their high prices when called to testify. Not all hospitals will be penalized for exceeding the benchmark, only those that the Commission/Office determine are egregious.

Myth: Investing in staffing for OHCAT would cost more money than it would save the State.

Fact: NJ spends \$36.7 billion a year on hospital care; savings from more transparent pricing information and the enforcement of benchmarks would more than cover the operating costs of the office.

Myth: The real problem with healthcare costs in New Jersey is insurance companies.

Fact: Under A5376/S4299 everyone (all payors and providers) has to submit their data and come to the table to help to determine cost drivers and commit to lowering their spend. In addition to hospitals, primary care providers, urgent care centers and free standing emergency departments could use this data to showcase their needs.

Myth: Cost growth benchmark programs haven't been successful at lowering costs.

Fact: At least 7 states have legislatively implemented cost growth benchmark programs similar to the proposal in A5376/S4299 and have made progress toward slowing the rate of growth in hospital and health spending.

Myth: A bill like this is unnecessary – the DOH already has the authority to do this through OHCAT and the HART Program.

Fact: The current OHCAT is not guaranteed to continue past January 2026. We want to build on OHCAT and the HART program to give it more resources and enforcement authority. In addition to codifying the office, this bill would form an independent commission to hold providers accountable for egregious rate hikes.

Myth: Hospital price transparency reporting requirements are redundant; hospitals work hard to post required information.

Fact: Codifying the federal requirements into law will not create any additional reporting requirements, but it will add a layer of enforcement if hospitals are noncompliant. It's the state's responsibility to oversee the hospitals in the state – by having one entity assess compliance with federal transparency guidelines, this information will be more accessible to employers and patients in NJ.