UNITEHERE!

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September 11, 2019
U.S. House of Representatives
Washington, District of Columbia 20515

VIA ELECTRONIC MAIL

Dear Representative:

On behalf of UNITE HERE and the 300,000 men and women and their families from the fastest growing private sector labor union in America, I am writing to ask you to do something forceful and real that will rein in surprise medical bills which are crushing the financial life out of millions of hardworking Americans and their families.

For our members and their families, the remedies to rein in the surge in surprise billings are comprised of three essential elements:

- Rein in Outlier Providers: the surprise medical billing problem is driven by a small number of out of outlier providers;
- Establish a Benchmark Payment: a benchmark payment based on local, in-network rates would ensure that provider payment considers the cost of providing care in each market while directly addressing the problem of out of network outliers who continue to charge extreme rates;
- Stop Arbitration: arbitration is a remedy without merit that makes "normal" outrageous billing schedules with a process that is time-consuming, complex and does not help curtail costs.

All three areas are important and must be addressed. However, I call on Congress to pay particular attention to the outsize role private equity investors are increasingly playing to pump up exorbitant price gouging by outlier providers.

Private equity firms are making large investments in specialty physician practices in areas such as emergency care, neonatal services and anesthesiology. By investing in out-of-network physician groups who are providing services to patients in extreme duress, they are exploiting for profit the misery and vulnerability of patients in their most vulnerable moments.

As health reporter Bob Herman has noted, the acquisition of and investment in these physician groups "exemplifies private equity firms' appetite for buying health care providers that wield a lot of market power." The market power is derived from the fact that the prices the specialty groups can charge is essentially inelastic – patients in need have no choice but to pay the price. And these specialty physicians do not worry about losing patients – because most of their services are provided in extremis, not as part of normal, competitive physician practices. In other words, they do not have to worry about repeat customers, so the sky is almost the limit on price gouging.

Private equity powerhouses KKR and Blackstone have seized this niche as a lucrative opportunity to turbocharge profits – all at the expense of patients. So much for corporate social responsibility and broader investment in the "stakeholder" society recently announced to great fanfare by The

Business Roundtable (BRT). Notably, Blackstone CEO Stephen Schwarzman didn't sign the BRT's public relations stunt. Give him credit for being consistent: shareholders first, and in this case, the lives and financial fortunes of patients be damned.

We must stop surprise medical billing and we must look more closely at the emerging role of unscrupulous private equity that is driving the largest increase due to outlier providers they are investing in.

Sincerely,

D. R. Taylor

D. Taylor
President
UNITE HERE