

*How the Interaction of Transparency, Health Savings Accounts and Direct Primary  
Care Can Make Health Care More Affordable for the Working Class*

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Committee on Ways and Means in the main Hearing Room,  
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Chairman Smith, Ranking Member Neal, Members of the Committee and staff, I extend my sincere gratitude for inviting me to testify today on the crucial topic of transparency, Health Savings Accounts (HSAs), and Direct Primary Care (DPC) as a means to make healthcare more affordable for the working class. It is an absolute honor to be here with you today.

I am William C. Short, Executive Chairman of Ameriflex, a prominent administrator of tax-advantaged healthcare accounts, headquartered in Texas. Ameriflex works in partnership with main street businesses across the country, empowering employees to become smarter consumers of their healthcare. Today, I will explain the benefits of tax-advantaged health care accounts for all Americans, but especially for the working class; and describe how Direct Primary Care arrangements can effectively lower healthcare costs. Additionally, I will address the current barriers faced by small businesses and employees when attempting to leverage their tax-advantaged health care accounts.

In addition, I proudly serve as a Board Member of the American Bankers Association's Health Savings Account Council.

## **I. Importance of Price Transparency in Healthcare**

### **A. Introduction**

The famous saying, "No one cares about their health until they don't have it," encapsulates the universal truth that health is often taken for granted until we face a health crisis. It is crucial to empower individuals to be proactive in managing their health, and price transparency plays a fundamental role in achieving this goal. If individuals do not have the incentive to ask the question about the cost of their healthcare, they won't. Price transparency helps bridge this gap by enabling patients to make informed decisions about their care.

## B. Addressing Key Issues in the US Healthcare System

The US healthcare system faces numerous challenges, but one critical issue that requires immediate attention is the payment inefficiency problem. The stakeholders involved in healthcare, including patients, providers, insurers, and pharmaceutical companies, are not always aligned in their objectives. This misalignment leads to a lack of coordination, unnecessary costs, and a suboptimal allocation of resources. Addressing payment inefficiency is essential for achieving a more sustainable and effective healthcare system.

## II. The Payment Inefficiency Problem

### A. Identification of the Payment Inefficiency Problem

Without a doubt, the payment inefficiency problem stands out as the number one issue in the US healthcare system. Our nation's healthcare system is unmatched in the history of humanity, and its capabilities are evident worldwide. In other countries, one routinely sees advertisements for healthcare centered around "American Trained Physicians." However, the crisis we now face in our healthcare system is primarily due to the inefficiency in how healthcare is paid for in the United States.

### B. Consequences of Payment Inefficiency on Healthcare Costs and Quality

The consequences of payment inefficiency reverberate through the entire healthcare ecosystem. Escalating costs burden patients and families, strain government-funded programs, and hinder investment in innovative treatments and technologies. By addressing payment inefficiency, we can reduce costs and enhance the quality of care.

### **III. Need for More Primary Care Providers**

#### **A. Recognizing the Shortage of Primary Care Providers**

Data clearly indicates a significant shortage of primary care physicians in various regions of the country. This shortage limits patients' access to timely and appropriate care, leading to delayed diagnoses, increased healthcare costs, and diminished health outcomes. Addressing this shortage is critical for building a strong foundation for our healthcare system.

#### **B. Importance of Primary Care in Promoting Preventive Healthcare and Reducing Overall Costs**

Primary care plays a vital role in promoting preventive healthcare and reducing overall costs. Studies consistently show that increased access to primary care leads to better health outcomes, reduced hospitalizations, and lower healthcare costs. By focusing on bolstering primary care services, we can improve population health and achieve long-term cost savings.

### **IV. Empowering Individual Patients**

#### **A. Empowering Patients to Take an Active Interest in Their Healthcare**

Recent studies have consistently shown that engaged and informed patients have better health outcomes. When patients actively participate in decisions about their care, they become partners in their own health journey. By promoting patient education, shared decision-making, and access to health information, we can empower individuals to make informed choices, leading to improved health outcomes and patient satisfaction.

#### **B. Benefits of informed decision-making and increased patient engagement**

Research has unequivocally demonstrated that engaged patients are more likely to adhere to treatment plans and experience better health outcomes. When patients are actively involved in their care, they have a deeper understanding of their conditions, treatment options, and self-management strategies. This knowledge empowers them to make decisions aligned with their values and goals, resulting in more effective and personalized care.

## **V. Stakeholder Alignment for Proactive Patient Care**

### **A. Importance of aligning healthcare providers and patients**

Coordinated and collaborative care between healthcare providers and patients has consistently shown improved outcomes and reduced costs. When providers and patients align their goals, share information, and work together to develop personalized care plans, the results are remarkable.

Patients receive better coordinated, proactive care that addresses their specific needs, leading to improved health outcomes, reduced hospitalizations, and cost savings.

### **B. Promoting proactive and preventive care measures**

Research suggests that preventive care interventions significantly reduce the need for costly treatments and hospitalizations. By prioritizing proactive and preventive measures, such as regular screenings, vaccinations, and lifestyle interventions, we can catch health issues early, prevent the progression of diseases, and avoid unnecessary healthcare expenditures. Investing in prevention not only saves lives but also reduces the burden on the healthcare system and improves population health.

## **VI. Leveraging Direct Primary Care and Subscription Models**

## A. Utilizing Direct Primary Care and subscription-based models

Data consistently supports the effectiveness of Direct Primary Care (DPC) in improving patient access, reducing costs, and enhancing patient satisfaction. DPC models operate on a direct relationship between patients and their primary care providers, often facilitated through a fixed monthly fee. This approach allows for more personalized and comprehensive care, including extended office visits, preventive services, and enhanced care coordination.

Studies have shown that DPC results in improved health outcomes, reduced hospitalizations, and lower healthcare costs. By eliminating the fee-for-service model and its associated administrative complexities, DPC empowers providers to focus on patient care rather than billing and paperwork. This patient-centered model encourages better communication, greater provider availability, and improved patient engagement, leading to higher levels of patient satisfaction and overall wellness.

Furthermore, subscription-based models, similar to DPC, have demonstrated promising results in other areas of healthcare. These models often provide comprehensive care bundled into a single subscription, which can include primary care, specialist visits, and preventive services. By offering a fixed price for a range of services, patients have greater transparency in healthcare costs and can access necessary care without financial surprises.

## B. Shifting payment and healthcare risk management to optimal stakeholders

To achieve the best outcomes, it is essential to align payment incentives with providers and patients. Studies consistently show that when payment models are designed to prioritize quality, care coordination, and patient outcomes, the healthcare system becomes more efficient and cost-effective. By shifting away from traditional fee-for-service reimbursement and embracing alternative

payment models that incentivize value-based care, we can foster better care coordination and promote optimal patient outcomes.

Aligning payment incentives with providers and patients also encourages more effective risk management. Providers who bear more significant responsibility for managing patient health outcomes are more likely to prioritize preventive care, chronic disease management, and patient education. Patients, in turn, become active participants in their healthcare, making informed decisions and adhering to treatment plans, which can result in better health outcomes and reduced healthcare costs.

## **VII. Strengthening the Private Sector Healthcare Benefits Industry**

### **A. Importance of the private sector healthcare benefits industry**

The private sector plays a vital role in the provision of healthcare benefits, covering approximately 180 million Americans. Strengthening the private sector healthcare benefits industry holds significant potential for optimizing healthcare delivery and resource allocation. By leveraging the expertise, innovation, and efficiency of private insurers, we can achieve better outcomes, cost savings, and improved access to care for individuals across the nation.

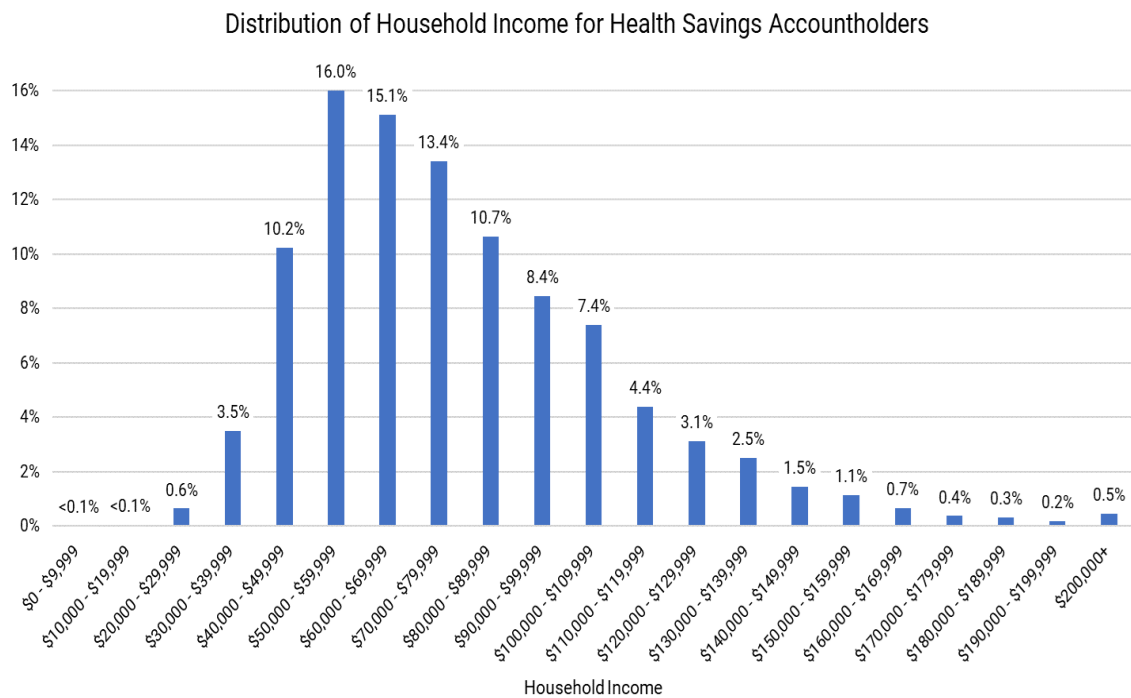
Moreover, by enhancing the private sector's capacity to provide healthcare benefits, we can alleviate the strain on government-funded programs such as TRICARE, Medicare, and Medicaid. This collaborative approach ensures a balanced distribution of resources, maximizes the effectiveness of both public and private sectors, and supports the overall sustainability of our healthcare system.

## **VIII. Enhancing Pretax Resources for Patient Care**

A. Removing barriers to Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs), and Health Reimbursement Arrangements (HRAs)

To empower individuals and families in planning and paying for their healthcare needs, it is imperative to remove barriers to pretax resources, such as HSAs, FSAs, and HRAs. These financial tools provide flexibility, promote savings, and offer tax advantages, empowering patients to take control of their healthcare expenditures.

HSAs have emerged as the favored healthcare payment option among the middle class, as revealed by the joint research conducted by Devenir Research and the American Bankers Association's Health Savings Account Council. Their findings for 2021 indicate that an overwhelming majority of Americans covered by HSAs, approximately 78%, belong to households earning less than \$100,000 annually.





By eliminating unnecessary restrictions and expanding the scope of these resources, we can provide patients, families, employers, and government entities with increased financial options. This will enable them to plan for healthcare expenses more effectively, access necessary treatments, and mitigate the financial burden associated with healthcare costs. Furthermore, it encourages individuals to be more proactive in managing their health, resulting in better health outcomes and reduced healthcare spending in the long run.

In conclusion, Chairman Smith, Ranking Member Neal and other members of the committee, strengthening the private sector healthcare benefits industry and enhancing pretax resources for patient care are crucial steps towards building a more efficient, patient-centric healthcare system. By leveraging the expertise and capabilities of the private sector, we can optimize healthcare delivery, improve access to care, and generate cost savings. Additionally, expanding the availability and accessibility of pretax resources will empower individuals and families to take control of their healthcare expenses, leading to better health outcomes and financial security. I urge this committee to consider these recommendations as we work together to transform and improve our nation's healthcare system.

Thank you for your attention, and I welcome any questions or further discussion on these important matters.