

Wednesday, October 5, 2022

Secretary of Labor Martin "Marty" Walsh
United States Department of Labor
200 Constitution Avenue, NW
Room S-2018
Washington, DC 20210

Dear Secretary Walsh:

On behalf of millions of members, supporters, and activists across America, the undersigned organizations collectively write regarding an urgent healthcare-related issue. Specifically, we urge the Department of Labor (DOL) to require transparency and disclosure to employers regarding so-called "shared savings fees" under employer-sponsored health plans to better ascertain their propriety and impact on millions of Americans.

As you know, the so-called "No Surprises Act" that took effect on January 1 of this year ostensibly aimed to protect Americans from surprise medical bills. Unfortunately for Americans whom it claimed to benefit, however, the Biden Administration has to date ignored the intent of the law and implemented it in a way that fails to protect patients from continued unnecessary insurance costs. Despite creating a new framework for determining out-of-network reimbursement, some insurance companies appear to continue exploiting unnecessary and little-known "shared savings fees" that drive up costs for employers and their employees.

We urge you to require transparency and disclosure to employers concerning these fees so that patients and plan sponsors can realize the same form of savings from the No Surprises Act.

What Are Shared Savings Fees?

"Shared savings fees," which are sometimes known by different names depending upon the health insurance companies administering them, relate to out-of-network medical claims, and they contribute to the ever-increasing costs for essential healthcare. They amount to out-of-network cost-management fees and are sold to health insurance plan sponsors (usually employers) as protection from surprise bills (also known as "balance bills") charged to employees.

Accordingly, "shared savings fees" purport to offer a way for employers to save money by lowering out-of-network health insurance costs. However, in reality, these programs often impose hidden fees that instead drive-up premiums, with questionable benefit to plan sponsors and employees.

In some cases, shared savings fees exceed total administrative fees for many plan sponsors, and some may not even be aware of the total amount they are paying in these fees. That is partly a function of a significant lack of transparency since insurance companies do not routinely report their revenues from shared savings programs. Unfortunately, the No Surprises Act does not directly address those fees, and we believe that insurers should more responsibly disclose the fees that plan sponsors are charged every year to help reduce healthcare prices for millions of American families.

With the implementation of the No Surprises Act, those shared savings fees should be unnecessary. Accordingly, an opportunity now exists to bring transparency and lower or eliminate these fees and bring down the ballooning cost of healthcare.

Join Us in Advocating for Fiscal Responsibility and Cost Transparency

Greater fiscal responsibility in our healthcare system can lower costs for all patients. If shared savings fees persist under the guise of "administrative fees," however, they will continue creating a perverse incentive for insurers to narrow their networks. In turn, healthcare costs will continue to rise, and patients will have fewer choices for in-network doctors.

We therefore strongly urge DOL to require transparency and disclosure to employers with respect to clarity about shared savings fees under employer-sponsored health plans and determine their effect and propriety going forward.

Respectfully,

James Martin, Chairman/Founder
60 Plus Association

Saul Anuzis, President
American Association of Senior Citizens

Ryan Ellis, President
Center for a Free Economy

Jeff Mazzella, President
Center for Individual Freedom

Ginevra Joyce-Myers, Executive Director
Center for Innovation and Free Enterprise

Gerard Scimeca, Chairman
Consumer Action for a Strong Economy

Yaël Ossowski, Deputy Director
Consumer Choice Center

Pat Rosenstiel, Chairman
Domestic Policy Caucus

Adam Brandon, President
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Andrew Langer, Chairman
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Patrick M. Brenner, President
Southwest Public Policy Institute

David Williams, President
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