American Hospital Association™
Advancing Health in America

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August 31, 2026

Kate Harris, Chair
Kevin Beagan, Vice Chair
Health Care Affordability and Mitigation Working Group
National Association of Insurance Commissioners
1101 K Street N.W., Suite 650
Washington, DC 20005

***Re: NAIC Affordability Issue Briefs***

Dear Chair Harris and Vice Chair Beagan:

On behalf of the American Hospital Association (AHA), representing nearly 5,000 hospitals, health systems and other healthcare organizations; our clinical partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — and the 43,000 healthcare leaders who belong to our professional membership groups, we appreciate the opportunity to share our perspectives on potential healthcare affordability strategies with the National Association of Insurance Commissioners (NAIC) Health Care Affordability and Mitigation Working Group.

Improving healthcare affordability is a top priority for the AHA, and we welcome the opportunity to work collaboratively with the working group on this important issue. The AHA released a series of recommendations designed to make healthcare more affordable by reducing unnecessary costs, improving access and enhancing quality.[1] We encourage the working group to consider these principles and policy ideas as it continues to refine the issue briefs.

The AHA appreciates the efforts of the working group and its drafting groups to identify and examine a broad range of policy options on healthcare affordability. The draft issue briefs provide a useful foundation for state regulators and policymakers by describing approaches that states have implemented and may consider. We support the working

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[1] American Hospital Association, *Real Affordability Solutions from the Front Lines of Caring* (Aug. 2026), discussing recommendations from *Making Health Care More Affordable: A Blueprint to Lower Costs, Improve Access and Enhance Quality*, available at https://www.aha.org/issue-brief/real-affordability-solutions-front-lines-caring.

group's development of educational resources that inform regulators and policymakers of the potential benefits, limitations, tradeoffs and practical implications of these approaches.

As the working group continues to refine the issue briefs, we encourage it to include a more complete examination of whether anticipated savings reduce consumers' total financial burden or instead shift costs, limit access to care or create other unintended consequences. We also recommend that the working group:

- Apply a comprehensive total affordability framework, including a common definition of affordability.
- Provide a balanced assessment of each policy option's benefits, limitations and tradeoffs.
- Specifically account for the role of health plan practices in determining affordability and access.

**Apply a Comprehensive Total Affordability Framework**

We encourage the working group to apply a comprehensive total affordability framework that recognizes the complex and interconnected factors affecting what patients pay for health coverage and care, as well as whether they can obtain timely access to needed healthcare services. Affordability should not be measured solely by whether a proposal reduces premiums or spending for a particular payer. Rather, the analysis should consider consumers' total financial exposure, including premiums, deductibles, cost sharing and potential out-of-network liability, together with the availability of covered services and participating providers.

A total affordability framework also should account for a policy's effects, whether intended or not, on things like administrative burden, market competition and patients' ability to access healthcare services. Regulators and policymakers should consider who realizes the savings, whether they reduce the total cost of care and whether they create additional costs or access barriers elsewhere in the healthcare system.

Reference-based pricing illustrates the importance of this broader analysis. Depending on how an arrangement is structured, an employer or insurer may reduce spending by limiting payment rates to a certain benchmark. However, if the payment rate was not established through an agreement with the provider, the arrangement may expose patients to additional costs or transfer financial risk to providers when payments do not adequately support the cost of delivering care. An assessment focused only on the costs incurred by the employer, public program or insurer would not capture these potential effects on patients and providers, nor the downstream consequences for access.

Applying a total affordability framework would help policymakers distinguish between policy options that produce sustainable improvements in affordability and those that primarily reallocate costs or financial risk among patients, employers, providers, insurers or government programs.

**Provide a Balanced Assessment of Benefits, Limitations and Tradeoffs**

Each issue brief should provide a balanced description of the material benefits, limitations, implementation considerations and potential unintended consequences of the policy options under discussion. The briefs should not focus exclusively on intended benefits, projected payer savings or potential premium effects without examining who benefits, who bears the costs and how the policy may affect consumers' access to care.

Policies that generate immediate savings for a payer, employer or government program may have longer-term implications for provider participation, network adequacy, consumer choice and service availability. For example, a policy that reduces provider payment rates may lower a payer's spending following implementation. If payment levels do not adequately support the cost of delivering care, however, hospitals and health systems may face financial pressures that affect their ability to sustain specific services, invest in workforce and infrastructure or participate in certain networks.

These considerations are especially important in rural and underserved communities, where patients often have fewer alternatives for obtaining care. The loss of even one service line, such as obstetric, behavioral health or emergency services, can have significant consequences for patients and communities. The issue briefs should help regulators and policymakers consider these potential effects rather than treating the reduction in one payer's expenditure as conclusive evidence of improved affordability.

A balanced presentation does not require the working group to endorse or oppose a particular policy option. Instead, it should provide regulators and policymakers with sufficient information to determine the circumstances in which an option may be appropriate, the safeguards that may be needed and the tradeoffs that could accompany implementation. Applying this approach consistently across all six briefs would make them more practical and useful resources for state decision-makers.

**Account for the Role of Health Plan Practices in Affordability and Access**

Health plans play a significant role in determining the affordability of coverage and consumers' ability to obtain covered services. Benefit design, cost-sharing requirements, network configuration, utilization management requirements and processes, claims administration, coverage policies, administrative requirements and reimbursement practices all affect what consumers ultimately pay and whether they can obtain timely access to care. Focusing narrowly on premiums as a distinct measure of

affordability risks overlooking consumers' actual cost exposure and the extent to which their coverage provides meaningful access to care.

For example, a plan may lower premiums by increasing deductibles or other cost-sharing obligations. Although that design may make the monthly premium more affordable, it may not improve overall affordability for consumers whose deductibles or out-of-pocket obligations may exceed their ability to pay. Similarly, a narrower network may lead to lower premiums but also create access concerns if participating providers are not readily available or if consumers must travel substantial distances or obtain care outside the network. These examples do not mean that higher cost sharing or narrower networks are inappropriate in every circumstance. They demonstrate why regulators and policymakers should assess affordability based on the consumer's total experience rather than a single measure such as premiums.

In terms of addressing the total cost of care for consumers, we urge the working group to consider health plan administrative practices that impose substantial costs on the healthcare system. Hospitals spent an estimated $43 billion in 2025 attempting to collect payments insurers owed for care already delivered, including nearly $18 billion spent overturning claims denials.[2] Prior authorization, claims denials, repeated documentation requests, and changing billing and coverage requirements compel hospitals to maintain extensive billing, coding, utilization management and appeals operations — resulting in rising input costs that impact the cost of hospital care. These processes can also divert clinicians and other resources from direct patient care.

Many of these costs are wasteful as they consume healthcare resources without necessarily improving patient outcomes or reducing the total cost of care. A comprehensive discussion of affordability, therefore, should consider opportunities to reduce unnecessary administrative complexity, improve transparency, ensure meaningful access to covered services and strengthen health plan accountability.

As the working group finalizes these issue briefs, we urge it not to characterize a policy as improving affordability solely on its effect on premiums or spending by a particular payer. Regulators and policymakers should have a clear understanding of whether anticipated savings represent a genuine reduction in consumers' total financial burden or instead shift costs, restrict access, narrow consumer choice or threaten the availability of essential services. Applying a total affordability framework, accounting for the role of health plan practices and clearly describing each proposal's material benefits and tradeoffs will better enable states to pursue reforms that make health coverage and care meaningfully more affordable while preserving access to essential services.

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[2] American Hospital Association, *Costs of Caring: Challenges Facing America's Hospitals as They Care for Patients in 2026* (March 2026), https://www.aha.org/system/files/media/file/2026/03/Costs-of-Caring-2026.pdf.

We thank you for your consideration. Please contact me if you have any questions, or feel free to have a member of your team contact Noah Isserman, AHA's director of health insurance and coverage policy, at nisserman@aha.org.

Sincerely,

/s/

Ashley Thompson
Senior Vice President
Public Policy Analysis and Development