Health Care Cost Transparency Board Update

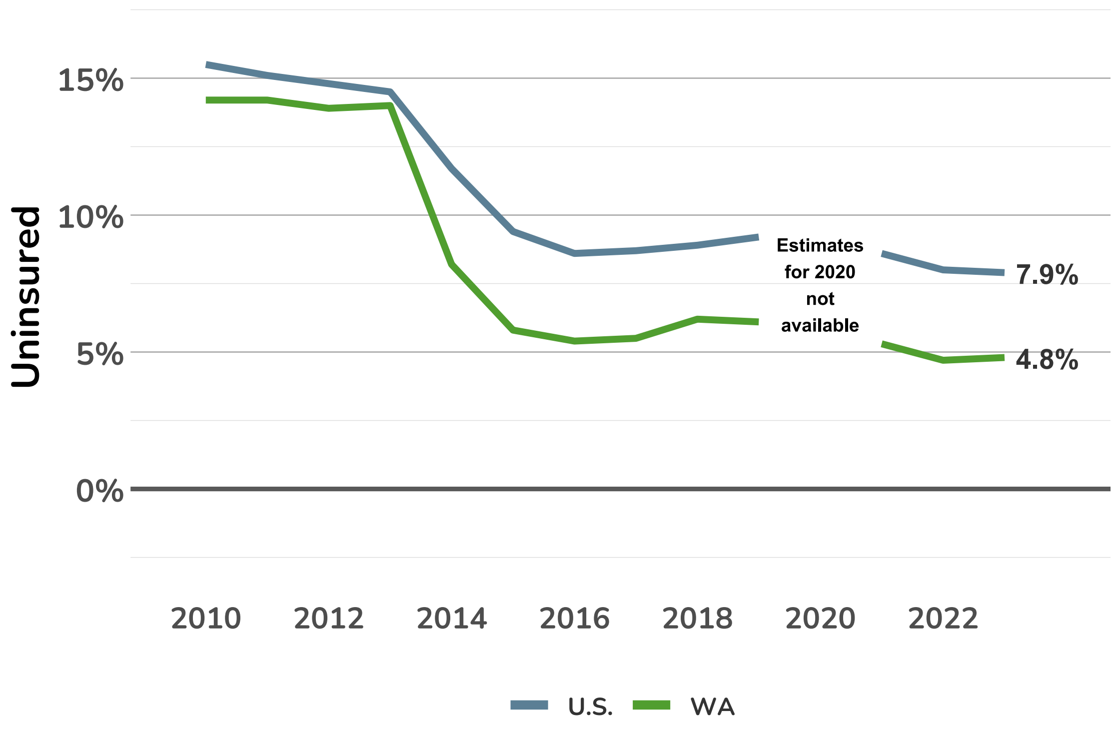
Senate Health and Long-Term Care

January 15, 2026

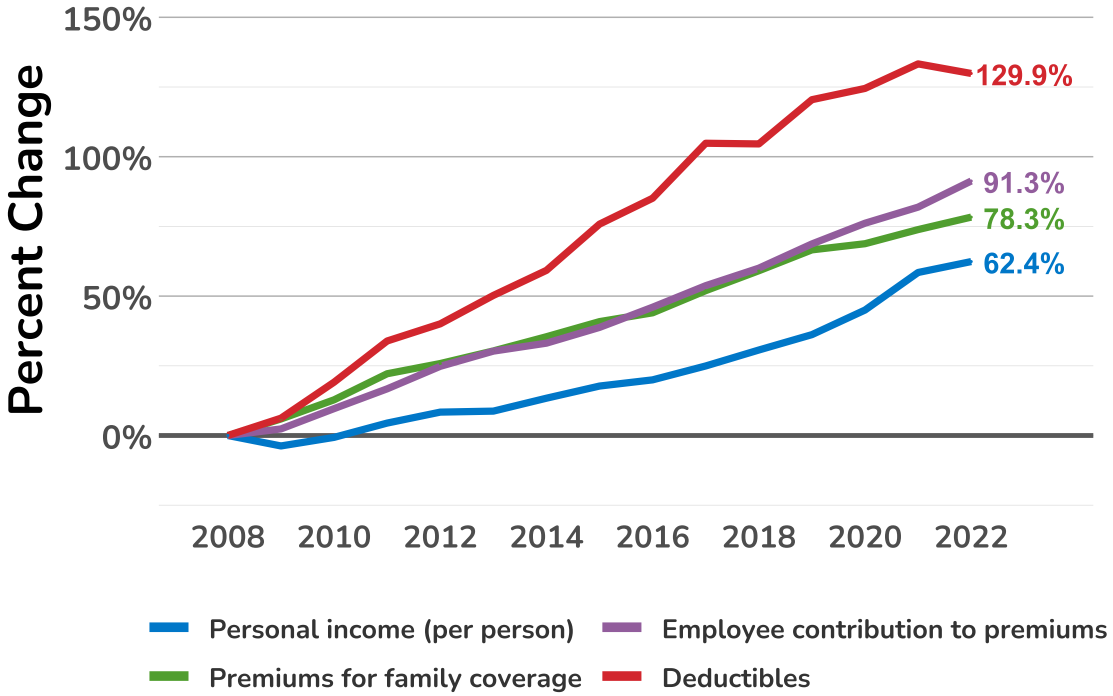
Washington State Health Care Authority

Why was the Health Care Cost Transparency Board (Cost Board) created?

Washington has made great progress in decreasing the number of uninsured



Despite increases in coverage, health care cost growth remains untenable



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Sources: Uninsured graph: OFM Healthcare Research Center, February 2025; Cost growth graph: The Bureau of Economic Analysis (BEA) and the Medical Expenditure Panel Survey (MEPS)

Health care remains unaffordable for many Washingtonians

Washingtonians' experience	Impact
% who are financially insecure or experiencing financial hardship	38%
2023 health care spending increase per consumer	Up to $8,000
% who have delayed or skipped a recommended treatment due to financial barriers*	57%
% who have not filled a prescription, skipped a dose, or cut pills in half*	24%
% of small business owners burdened by health care costs*	75%
% of small businesses that can afford to offer health insurance	40%
% that believe lawmakers should take action to address health care costs*	87%

*Source: 2024 Washington State Health Care Affordability Survey.

Cost Board's legislative charge

The Legislature established the Health Care Cost Transparency Board in 2020 and charged it with:

- Establishing a health care cost growth **benchmark** or target percentage for growth
- Analyzing **total health care expenditures**
- Identifying **trends** in health care cost growth
- Providing **policy recommendations** to the Legislature
  - Policy recommendations include levers to help contain cost growth, and recommendations to increase primary care

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About the Cost Board

- Governor-appointed, 11-member board made up of agency, consumer, business, and labor representation
- Advised by three formal committees:
  - Advisory Committee on Data Issues
  - Health Care Stakeholder Advisory Committee
  - Advisory Committee on Primary Care
- Reports annually to the Legislature by December 1
- Holds open public meetings and an annual public hearing on cost growth

Cost Board's areas of consideration in 2025

- Measuring cost growth and areas driving increases
- Strategies to address growth of hospital spending
- Market oversight
  - Health care entity ownership and affiliation transparency
  - Corporate Practice of Medicine
- Advisory committee feedback on policy direction
- Impacts of federal policy changes on WA agencies and health care services
- Strategies to increase/re-balance spending on primary care
- Medical debt
- Strategies to improve measurement of cost growth

Setting a health care cost growth benchmark

- The Cost Board tracks WA’s health care spending via a **health care cost growth benchmark**
  - Benchmark = target for annual health care spending growth, with an eye toward consumer impact
  - Carriers (and public purchasers) report aggregate statewide health care spending annually
- The Cost Board report monitors performance against the benchmark target for:
  - Statewide
  - Medicare, Medicaid, and commercial market
  - Carriers and Large Provider Organizations

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Health care cost growth benchmark

- The annual rate-of-growth target for total health care spending in the state.
  - Based on a methodology that considers historic median wage and potential gross state product (PGSP)
    - Weighted 70:30 to reflect consumer focused impact
  - **Exceeding the benchmark indicates health care is becoming less affordable.**
- The Cost Board is refreshing benchmark values in 2026 based on the established methodology for 2027 onward.

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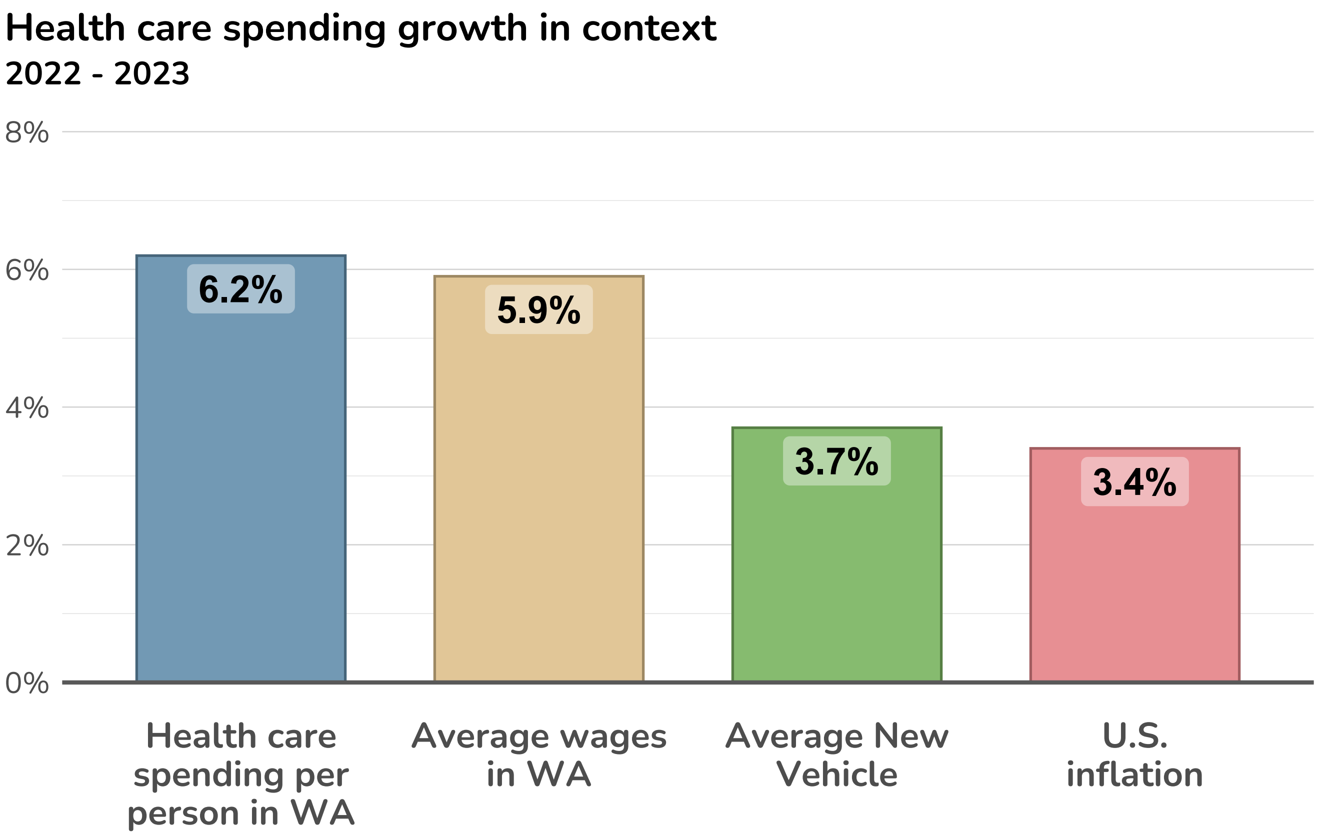
Washington spending growth for 2023

- Statewide spending growth in 2023 was 6.2%, well above the 3.2% benchmark.
- All health care markets exceeded the benchmark target and general inflation
- Data provided during 2025 Data Call



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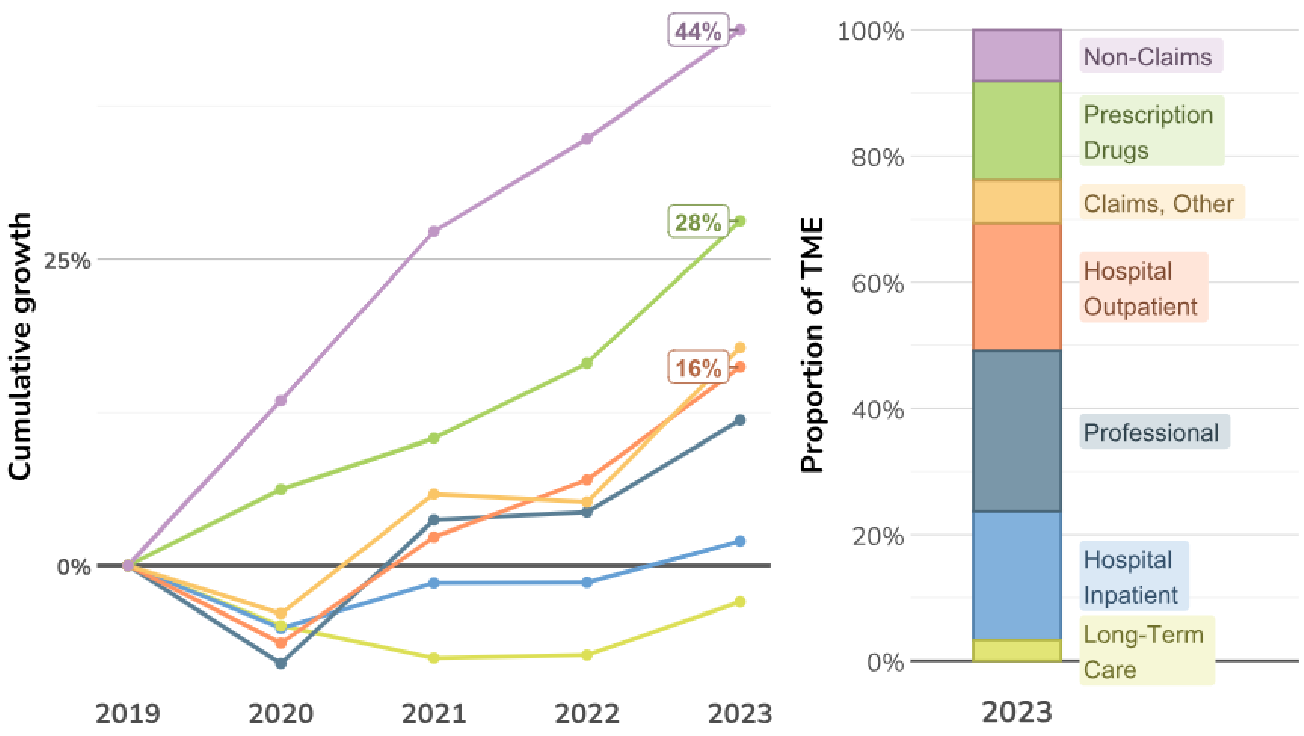
Sources: Health Care Cost Transparency Board, WA Employment Security Department, Federal Reserve Bank of St. Louis, Bureau of Labor Statistics ; Spending type: Total health care expenditure (per member per year)

Statewide spending growth, 2019-2023

Top growth contributors:

- Prescription drugs
  - Rx drugs, biological products, or vaccines at a retail pharmacy
- Hospital outpatient
  - Emergency room services (no admittance) and hospital-licensed satellite clinics
- Professional
  - Primary care, specialty care, and other providers
- Non-claims
  - Bundled payments, infrastructure payments, performance incentives

Cumulative growth of statewide TME PMPY by service category



Sources: Health care spending growth in Washington, 2022–2023; Spending type: Total medical expense, statewide (per member per year)

Cost Board priorities for policy action

Issue: Increasingly consolidated health care market

Strategy: Enhance market transparency and oversight mechanisms

- Ownership transparency
- Transaction review
- Regulatory

Issue: Increasing prices & utilization

Strategy: Slow spending growth

- Transparency
- Limit price growth
- Understand cost drivers

Issue: Primary care/specialty care imbalance

Strategy: Invest in primary care to increase utilization

- Understand and monitor current state
- Increase reimbursement
- Multi-payer alignment

How policy priorities address consumer affordability

Enhanced market transparency	Slowed price growth	Improved business oversight
Increased price transparency for health care services allows consumers to compare costs and make informed decisions regarding their health care.	Reduces number of uninsured and underinsured.	Expands review of health care transactions to ensure local and statewide cost and market impacts will be considered when reviewing transactions.
Encourages competition between payors that can decrease prices and increase quality for consumers.	Decreases health disparities for rural communities who may delay or forgo care due to high prices and limited care options.	Ensures consumers have notice of closures and service-line changes to health care facilities to prevent interruptions to care and allow for public input.
Promotes health equity by allowing consumers to determine their care needs based on cost, quality, and preference.	Reduces likelihood of consumers incurring medical debt.	

Federal changes and impacts the Cost Board will monitor in 2026 and beyond

Federal changes

- 2025 Marketplace Integrity and Affordability Final Rule
- H.R. 1
- Expiration of enhanced premium tax credits

Changing affordability landscape

- Thousands of Washingtonians projected to lose Medicaid coverage
- Enrollment decreases in ACA marketplace with increase premiums
- Lack of coverage for lawfully present non-citizens
- Downstream anticipate increases in uncompensated care
- Future need for creative approaches to help maintain access to coverage and care, and mitigate consumer impacts

Cost Board's role in the year ahead

- Many Washingtonians are already burdened by high out-of-pocket medical costs, premiums, and deductibles
- Federal changes and market factors will make affordability a continuing and growing challenge for Washingtonians.
- The Cost Board will continue to monitor these impacts and continue to explore strategies to address them.
- The Cost Board’s mission remains as important as ever, ensuring the state does not lose sight of the affordability challenges faced by Washingtonians.

Questions?

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