Our Commitment to Protecting Houston Residents’ Access to Quality, Affordable Health Care

The facts of our negotiation with Houston Methodist

For the last few years, we have worked hard on behalf of the companies and members we are honored to serve to establish a long-term relationship with Houston Methodist that helps drive quality care, lower costs and an improved patient experience. Contract negotiations between health plans and care providers are a routine part of doing business in the health care industry, and patients usually aren’t even aware they’re occurring because, in most cases, they result in a new agreement. Across Texas, UnitedHealthcare has relationships with more than 500 hospitals and 89,000 health care professionals who are supporting the health and well-being of our members.

We appreciate that the role Methodist plays in Houston and the surrounding communities is not only important but also personal for those we serve. For that reason we are disappointed Methodist has yet to renew its participation in our network. While we continue to work hard to renew our relationship, we also want our members and employer customers to understand why we are so concerned about the cost of care at Houston Methodist.

Methodist is the most expensive health system in Texas and one of the most expensive in the entire country.

- The cost of care at Houston Methodist Hospital is 49% higher than the average cost at the four other hospitals that ranked in the top five in the state by U.S. News & World Report.
- Houston Methodist Hospital is 36% more expensive on average than four of the top five hospitals in U.S. News & World Report’s 2019-20 rankings of the best hospitals in the United States. All four of those hospitals are highly prestigious and nationally known as the best in the country for people seeking top-quality health care.
  - A CT scan at Houston Methodist Hospital costs $1,401 more – or 146% higher – than the average cost at four of the top five hospitals in the U.S.
  - A chest X-ray at Houston Methodist Hospital costs $430 more – or 284% higher – than the average cost at four of the top five hospitals in the U.S.
- According to a 2017 Amino study, Houston Methodist operates the two most expensive hospitals in Houston, yet the system’s safety and quality ratings are the same as – and sometimes significantly worse than – its competitors that deliver care at significantly lower costs.
  - Of the 29 Houston hospitals included in the study, only seven were above the national average in cost. Four of those seven were Houston Methodist facilities.
  - According to the study, Houston Methodist Clear Lake Hospital was 112% more expensive compared to the national average for hospitals, and Houston Methodist Sugar Land Hospital was 86% above the national average.
  - To help illustrate what Houston Methodist’s high costs mean for patients, consider the example of a patient in need of an ACL surgery. According to the study, the median network rate for an ACL surgery in the U.S. is approximately $10,000. When patients choose Houston Methodist Clear Lake Hospital to have an ACL surgery, the cost is $21,200, more than double the median rate.

Health care in Houston is more expensive than any other city in Texas for UnitedHealthcare members enrolled in commercial benefit plans and is significantly more expensive than many other cities of comparable size in other parts of the country. Making health care more affordable in Houston starts with Methodist.

- Our data indicates that Methodist is largely responsible for driving up the cost of care in Houston. For example, when you compare the cost of care at Houston Methodist Hospital to the average cost of care at all other hospitals participating in our commercial network in the following cities, a pattern of significantly more expensive care at Houston Methodist is evident:
  - 44% more expensive than hospitals in Austin
  - 43% more expensive than hospitals in Chicago
  - 30% more expensive than hospitals in Dallas
  - 37% more expensive than hospitals in Denver
  - 71% more expensive than hospitals in Oklahoma City
  - 66% more expensive than hospitals in San Antonio
  - 76% more expensive than hospitals in Tulsa
Numerous studies confirm that the cost of care can vary significantly depending on which hospital or provider a patient chooses. A 2017 Amino study revealed that Houston has a significantly larger variance in hospital costs compared to other major cities in Texas. The study showed that Dallas had the least amount of cost variance among hospitals at 77%. Austin’s hospital costs varied by 91%, while Houston’s costs varied by 158 percent.

Maintaining a competitive business environment in Houston means we must get health care costs under control. And Methodist must be part of the solution.

Nearly 80% of UnitedHealthcare commercial members in the Houston area are enrolled in self-funded plans – meaning their employers pay the cost of their employees’ medical bills themselves rather than relying on UnitedHealthcare to pay those claims.

- When working with self-funded customers, we treat their money as if it were our own. These employer group customers have charged us with the responsibility of providing their employees access to quality, affordable health care.
- As the prices for health care continue to rise, less money is available for local businesses to pay salaries, invest in new technologies or help grow the business.
- Establishing competitive contracts with physicians and hospitals is critical to our ability to meet our obligations to the self-funded customers we serve. That is why we are focused on reaching a new agreement with Houston Methodist at rates that are affordable and sustainable for our customers and members.

The high cost of care at Methodist is leading to higher costs for consumers and is simply unsustainable.

- If we were to allow Houston Methodist’s current contract to continue as it is today, the cost of care at just its hospitals would increase by an additional $115 million over the next five years and by $257 million over the next decade.
- Rising medical costs are one of the most urgent issues facing consumers across the country. Health care spending in the United States is expected to reach $6 trillion by 2027, up from $3.5 trillion in 2017, according to the Centers for Medicare & Medicaid Services.
- According to a recent study by UnitedHealth Group, hospital prices increased by 19% for inpatient services between 2013 and 2017, while physician costs increased 10%. Price increases are the key driver of hospital inpatient spending growth, and prices charged by hospitals are increasing at nearly twice the rate compared to the cost of physicians practicing within these hospitals.
- We are working with hospitals and physicians across the country to improve the quality of care and promote better health, while at the same time lowering the cost of health care so it’s more affordable for the people we serve. Unfortunately, Houston Methodist continues to insist on maintaining its position as one of the most expensive health systems in the country, leading to substantially higher costs for consumers.

Our commitment to the people we serve in Houston.

- We understand that people value stability in their access to network care providers and that their relationships with their doctors are deeply personal and important to them. On behalf of our employer group customers, members and the thousands of UnitedHealthcare employees who rely on Methodist for care, we remain committed to finding a solution that will provide long-term access to quality, affordable care at Methodist.