TEXAS
POLICY RESEARCH

September 1st, 2026

Chairman Frank and Members
House Select Committee on Health Care Affordability
Texas House of Representatives

RE: Written Testimony on Health Care Delivery and Finance Systems

Chairman Frank and Members of the Select Committee on Health Care Affordability:

Thank you for the opportunity to provide written testimony regarding improvements to health care delivery and emerging financing models that can reduce costs for Texans.

Texas should approach affordability by asking a basic question: how can we restore a more direct relationship between patients, providers, and the dollars paying for care? Much of health care operates differently from ordinary markets. Patients frequently do not know the price of a service before receiving it, the person consuming the service is often separated from the person paying for it, and layers of insurers, administrators, and other intermediaries influence both payment and access. These arrangements weaken price signals and can increase administrative costs.

Alternative delivery models demonstrate another approach. Direct patient care allows patients or their designees to contract directly with providers for care, often through transparent membership, subscription, or service fees. Direct-pay providers can similarly compete on upfront prices rather than navigating complex third-party reimbursement systems. These models give patients greater ability to compare cost and value while allowing providers to spend fewer resources on billing administration.

The 89th Legislature took an important step with HB 541, expanding Texas law from direct primary care to broader direct patient care. The law allows agreements covering health care services provided by physicians and other practitioners, including telemedicine and telehealth, and makes clear that these arrangements are not insurance.
Texas should build upon that progress.

Lawmakers should identify remaining statutory or regulatory barriers to direct patient care, direct-pay services, health savings arrangements, and other patient-directed financing models. They should also ensure insurers and other intermediaries cannot prevent patients or providers from choosing lawful direct-pay alternatives simply because those transactions bypass traditional reimbursement systems. These models need not replace insurance. Insurance can serve an important role in protecting Texans against large and unexpected expenses. But Texans should have greater freedom to combine such protection with arrangements that allow routine and predictable care to be purchased more directly.

Affordability will not be achieved simply by shifting health care costs among taxpayers, employers, insurers, and patients. Texas should pursue reforms that reduce the underlying cost of care by expanding competition, reducing unnecessary intermediaries, and giving patients greater control over how their health care dollars are spent.

Thank you for your consideration.

For Liberty, For Texas!

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