



Statement for the Record

House Committee on Energy and Commerce

Subcommittee on Health

Hearing on “Lowering Unaffordable Costs: Legislative Solutions to Increase Transparency and Competition in Health Care”

Prepared by *Consumers First: The Alliance to Make the Health Care System Work for Everyone*

April 26, 2023

Chairs McMorris Rodgers and Guthrie and Ranking Members Pallone and Eshoo, on behalf of *Consumers First* and our undersigned allies we want to thank you for holding this important and timely hearing on legislative solutions to increase transparency and competition in health care.

As an alliance that brings together the interests of consumers, employers, labor unions, and primary care clinicians working to realign and improve the fundamental economic incentives and design of the health care system, *Consumers First* thanks you for building off of the robust discussion of last month's Health Subcommittee hearing to pursue meaningful policy solutions to address our nation's affordability crisis and rein in irrational and abusive health care prices driven overwhelmingly by industry - and principally hospital - consolidation. We stand ready to support you as you continue this critical work.

As we wrote in our March 28, 2023 Statement for the Recordⁱ, consumers, employers, workers, and clinicians are struggling in a health care system whose payment and delivery structure incentivizes high cost, low quality care. Rising consolidation, particularly among hospitals, has eliminated healthy competition and led to irrational health care prices and anticompetitive behavior.ⁱⁱ

A number of the solutions being considered today would make important strides towards addressing some of the most obvious health system failings that have enabled anticompetitive behaviors, prevented healthy competition, and resulted in monopolies that set outrageous and unjustifiable prices. We are particularly interested in today's discussion around codifying and strengthening price transparency rules and expanding site neutral payments, which track recommendations from our March 28 statement.

Price transparency pulls back the curtain so that policymakers, researchers, employers, and consumers can see how irrational health care prices have become and take action to rein in pricing abuses. Moving towards achieving full transparency of health care prices is a critical step towards driving value in the U.S. health care system and ensuring our nation's families receive affordable, high-quality health care.

We are also encouraged by the Committee's consideration of legislation to implement site-neutral payment policies across the board, and legislation to eliminate site-dependent reimbursement distortions that incentivize acquisition of non-hospital patient access points. This flaw in Medicare's current payment structure unnecessarily promotes care in more expensive settings while failing to appropriately pay some clinicians and other health care workers in non-hospital settings. Advancing comprehensive site-neutral payment reforms would be a welcome first step to crack down on industry gaming that uses misaligned payment incentives to drive up costs without investing in quality, and these policies are estimated to result in billions of dollars of savings for Medicare beneficiaries and the Medicare program.ⁱⁱⁱ

These policies and others under consideration by Energy and Commerce would set critical groundwork to reduce inflated spending throughout the system and make health care more affordable and value-driven for consumers.^{iv} We encourage you to work with your colleagues on this committee and the other committees of jurisdiction to advance these solutions without delay.

Consumers First and our undersigned allies look forward the discussion today and to working with you to enact bipartisan and commonsense improvements to our nation's health care payment and delivery system. Please contact Jane Sheehan, Director of Federal Relations at Families USA,

JSheehan@familiesusa.org, for further information and to let us know how we can best be of service to you.

Sincerely,

Consumers First Steering Committee

American Academy of Family Physicians
American Benefits Council
American Federation of State, County & Municipal Employees
Families USA
Purchaser Business Group on Health

Supporting Organizations

ACA Consumer Advocacy
Alabama Arise
Allergy and Asthma Network
American Medical Student Association
American Muslim Health Professionals
Asian Pacific Islanders American Health Forum
Colorado Consumer Health Initiative
Connecticut Oral Health Initiative
Consumers for Quality Care
ERISA Industry Committee (ERIC)
Florida Voices for Health
Georgians for a Healthy Future
Health Care Voices
International Association of Firefighters
Medicare Rights Center
Moms Rising
National Partnerships for Women and Families
NJ Citizen Action
Northwest Health Law Advocates
Pennsylvania Health Action Network
PIRG
Small Business Majority
Swope Health Services: Minority Women and Children
Tennessee Health Care Campaign
Tennessee Justice Center
Third Way
Utah Health Policy Project
Virginia Organizing

ⁱ Consumers First Statement for the Record, House Energy and Commerce Subcommittee on Health Hearing on “Lowering Unaffordable Costs: Examining Transparency and Competition in Health Care” March 28, 2023 <https://familiesusa.org/wp-content/uploads/2023/03/Final-CF-Statement-for-the-Record-for-EC-Transparency-and-Competition-32823.pdf>.

ⁱⁱ Jaime S. King et al., Preventing Anticompetitive Healthcare Consolidation: Lessons From Five States (Source on Healthcare Price and Competition and Nicholas C. Petris Center on Health Care Markets and Consumer Welfare, University of California Berkeley School of Public Health, June 2020), <https://sourceonhealthcare.org/profile/preventing-anticompetitive-healthcare-consolidation-lessons-from-five-states/>; Martin Gaynor, Kate Ho, and Robert J. Town, “The Industrial Organization of Health-Care Markets,” *Journal of Economic Literature* 53, no. 2 (June 2015): 235–284.

ⁱⁱⁱ Medicare Payment Advisory Commission Report to Congress: Medicare and the Health Care Delivery System Chapter 6, Aligning fee-for-service payment rates across ambulatory settings (June 2022), https://www.medpac.gov/wpcontent/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_SEC.pdf.

^{iv} *Policy Approaches to Reduce What Commercial Insurers Pay for Hospitals’ and Physicians’ Services*. Congressional Budget Office. 2022. <https://www.cbo.gov/publication/58222>