

Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Subcommittee on Health Ranking Member Anna Eshoo

Hearing on “Lowering Unaffordable Costs: Examining Transparency and Competition in Health Care.”

March 28, 2023

The late Uwe Reinhardt, a prestigious health economist who often appeared before this Subcommittee, famously said “it’s the prices, stupid” when critiquing why the U.S. spends so much on health care.

Twenty years since Dr. Reinhardt’s seminal analysis, our nation’s inflated health care prices are still the primary reason why the U.S. spends significantly more on health care than any other country in the world.

A quick comparison to other large, wealthy nations shows the U.S. is an outlier:

- The U.S. spends two to three times more on prescription drugs and medical devices.
- The U.S. spends \$10,000 more on average per hospital discharge.
- The U.S. spends seven times more per capita on health insurance administrative costs.

Despite spending nearly 18 percent of GDP on health care, we have fewer practicing doctors and nurses, fewer hospital beds per capita, and a lower life expectancy than other wealthy nations.

We also have the highest avoidable death rates and maternal and infant mortality, and an obesity rate nearly two times more than the average of our peer nations.

None of these points are bragging rights for sure.

In other words: we spend more, but get less. Much less.

And that’s why I’m pleased we are holding this important hearing on health care transparency today. I’m fully supportive of efforts to shine a light on the fraud, waste, and abuse percolating in our health care industry.

But we need to do more than shine a light. Fortunately, over the past two years, we’ve made major strides. First, we finally gave Medicare the ability to directly negotiate prescription drug prices, which will save taxpayers more than \$300 billion over ten years.

Second, the Biden Administration implemented price transparency regulations which require hospitals to publicly post prices for all their services on their websites in a user-friendly format.

While hospitals were slow to comply, CMS recently found that at least 70 percent of hospitals are in compliance with the rules over two years after they were finalized.

But this has to be 100% participation.

CMS is now stepping up enforcement measures against the 30 percent of hospitals who remain non-compliant.

I would just put out a call today to not fall into the CMS enforcement lane. Do it yourselves. You've had time, do this.

Third, we're finally wrangling the abuses by Medicare Advantage programs. The Administration has taken steps to recover improper payments to private plans and return this money to the Medicare Trust Fund. This will put money back into the pockets of American taxpayers and protect the long-term solvency of Medicare for future generations.

Looking forward, we have to examine reforms to pharmacy benefit managers (PBMs), the secretive middlemen in the prescription drug industry that drive up prices and keep out affordable drugs.

Mr. Chairman, I was glad to hear in your opening statement that you view this the same way. Count me in with you to do something about this.

We have to start spending 'smart.' This means spending money on preventive care, public health, and biosecurity.

I'm very glad we're having this hearing today, but I'm disappointed that we didn't receive the witness testimony until 1PM yesterday even though this hearing was noticed three weeks ago.

I want to acknowledge, and I saw them out in the hall, the Patient Rights Advocates.

I want to acknowledge their advocacy because advocacy is always highly instructive to Congress.

I look forward to the productive testimony from our expert witnesses to highlight the ways we can address the tremendous waste in our healthcare system and improve the lives of all Americans.