

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of
Ranking Member Frank Pallone, Jr.**

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

March 28, 2023

Today’s bipartisan hearing builds on the Subcommittee’s critical efforts to lower health care costs and make coverage more affordable.

More Americans have health coverage today than ever before, thanks to the Affordable Care Act and the expansion subsidies included in the American Rescue Plan and the Inflation Reduction Act. A record-breaking 40 million people have gained coverage, and a record high 16.5 million Americans have coverage through the ACA Marketplaces. Millions of families have seen the cost of their monthly insurance premiums go down by more than 20 percent. The average family is saving \$2,400 in premiums a year thanks to the ACA enhancements we made over the last two years. The Inflation Reduction Act will also lower prescription drug prices for America’s seniors.

We are making significant progress, but high health care costs and affordability continue to be a challenge and a financial burden for American families. Our health care system is complex and challenging. Too many patients are forced to wait until after they receive care and have the medical bill to fully understand how much they owe.

Patients deserve greater transparency in the prices they pay for health care. Today, consumers are not able to easily obtain price information in advance. Sometimes, the price information that is provided is inaccurate and misleading, making it difficult to determine the true value of the care.

Patients also face wide price variations. The lack of transparency makes it difficult to compare across providers in advance of receiving care. Prices for health care services also vary widely across different geographic areas but also across providers in the same geographic area. According to an analysis by the New York Times, a single hospital can have up to a 300 percent price difference for the same service, depending on the insurer. Another analysis by the Peterson Center and the Kaiser Family Foundation found the price of a joint replacement for knee or hip surgery varied widely across the 20 largest metropolitan areas, ranging from less than \$20,000 to more than \$70,000.

Lack of transparency into these prices makes it difficult for both consumers and employers to make informed decisions. Employers have difficulty accessing data that could help them negotiate competitive prices and design high value plans. The contracts of pharmacy benefit managers are also opaque. This makes it difficult for employers and plan sponsors to understand

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drivers of cost and negotiate savings. We also need greater oversight and enforcement of pharmacy benefit managers.

We must also build on the Hospital Price Transparency Final Rule and the Transparency in Coverage Final Rule requirements. The Hospital Price Transparency rule is meant to bring more transparency to health care by requiring hospitals to display charges for their most used services in a consumer-friendly way. However, I am concerned by reports that many hospitals are either acting slowly or not yet complying with the final rule. I am also troubled by reports that some hospitals are making it more difficult for consumers to access the information. I understand that some hospitals are requiring consumers to input personally identifiable information in order to access information that should be easily available or burying the information deep in their websites.

This is inexcusable. I look forward to hearing from the witnesses on what reforms are necessary and what more Congress can do to further strengthen those regulations.

While greater price transparency is important, I don't believe it is sufficient in and of itself to expand coverage or to improve affordability. Today, 43 percent of U.S. adults are inadequately insured, and half of uninsured or underinsured Americans face problems paying their medical bills. More than 40 percent of adults have delayed or foregone medical care because of the cost, and more than 100 million Americans have medical debt. Transparency alone will not help lower out-of-pocket costs for families. We need to couple greater transparency with real solutions that will lower costs.

That's why we must continue to build on the historic progress we have made over the last two years. We need to continue to expand coverage and make health care more affordable and accessible for all Americans. It is critical that we make the ACA subsidy expansions permanent and build on the success of the Inflation Reduction Act to further lower drug prices for consumers.

Today's hearing is an important bipartisan step in our continued effort to reduce health care costs. I look forward to the witnesses' testimony, and I yield back.