**Marilyn J Bartlett, CPA, CMA, CFM, CGMA**

Thank you, Chair Rodgers, Ranker Pallone, Chairman Guthrie, and Ranking Member Eshoo, for the opportunity to testify this afternoon.

I am a Senior Policy Fellow with the National Academy for State Health Policy and a Healthcare Cost Consultant. Today, I am speaking as Marilyn Bartlett, a forensic accountant focused on "following the money" in healthcare to support policy, employer sponsored health plans, with the goal of lower healthcare costs. I hope my testimony today will help the Committee understand not only the challenges for healthcare purchasers, but the opportunities to make systemic and lasting change to the benefit of all Americans.

Let me begin by sharing a story about my efforts with the Montana State Employee Health Plan. The story has been hailed as something revolutionary, but what we did was nothing more than demand transparency, analyze the data, and negotiate a fair deal. The fact that this is remarkable is indicative of the dysfunctional market that is our current model.

In late 2014, I was hired by the State of Montana to save the state employee health plan from financial failure, having lost $28 million for the year and on the brink of further insolvency. By 2017, we had $112 million in reserves, a savings of increase of $121 million. How did we do it?

- We negotiated contracts with Montana hospitals to pay a multiple of Medicare rate, rather than pay a secret discount off an unknown figure, with no balance billing to members.
- We terminated our traditional PBM contract and moved to a transparent, pass-through model, and also removed CVS from our network for not accepting our pricing demands.
- And, we invested in primary care.

The effort was bipartisan, with a Democratic Governor and a Republican Legislature; and the State employees and union were engaged throughout the process.

Other states have successfully launched reference-based hospital pricing plans. Oregon state employee health plan saw savings of 33% in 2021 after launching a plan similar to Montana. California's state employee plan saw reductions ranging from 12% to 18% for various surgeries using a reference-based pricing approach.

Imagine the tremendous savings opportunity if the FEHBP were take a similar approach. A conservative estimate of taxpayer savings would yield several billions of dollars over a 10-year period.

Other state and local governments, unions, and employers have also effectuated meaningful change in their healthcare purchasing – often against strong headwinds from the industry and the industry that profits from the status quo.

- The State of New Jersey's health plan, which covers about 800k lives, implemented a payment integrity program that leveraged transparency data and saved over $150M in just over one year on the medical plan, and engaged in a reverse auction for a pass-through PBM contract saving $2.5B over a 5 year term.
- The SEIU 32BJ Health Fund saved over $30M in 2022 by studying their data and removing a very prominent Manhattan hospital whose negotiated price with their carrier was egregious – even by New York standards, preserving $0 premium plans for their members.
- A small county in Pennsylvania saved their taxpayers $4 million dollars direct contracting with hospitals, after comparing their plan prices to Hospital Price Transparency files.

What do all of these initiatives have in common? Data and access to transparent pricing information. Transparency is vital in moving to a functional market and lowering healthcare prices – put simply, we must have the data. Despite a decade of transparency laws on the books, employers, unions, states, and other purchasers continue to face challenges with substantial non-compliance:

- The Hospital Price Transparency rule was passed in order to allow plans and consumers to compare prices of services and supplies across hospitals, Patient Rights Advocate reported only 25% of hospitals have published complete machine-readable files, containing all the required data fields prescribed by law.

- The Consolidated Appropriations Act, Transparency, Section 201 mandates employers have full access to all of their data, yet carriers are blocking them at every turn, as evidenced by a string of recent lawsuits. Owens & Minor, a large publicly traded company headquartered in Virginia, requested claims data to fulfill their ERISA fiduciary role, but after 18 months of requesting the data, sued Anthem to get their plan data.

A recent survey found that 89% of the voters believe Congress should take action to reduce hospital prices, with 72% in agreement that hospital prices should be limited to two times the Medicare rate. This is an important issue to all Americans at a moment in time when we are seeing life expectancy rates decline across every demographic faster than their counterparts in other wealthy nations.

The current healthcare industrial complex benefits from opacity and information asymmetry, in the hope that America will continue paying unchecked prices. We can and must do better. The State of Montana Employee Health Plan did it, other employers are doing it, the FEHBP can do it – but we must have price and cost transparency from the industry that is costing us so much.

Thank you again for your bipartisan leadership on this issue.