

Honorable Chairman Guthrie, Vice Chairman Bucshon, Ranking Member Eshoo, Committee Chairwoman McMorris Rodgers, Ranking Member Pallone and Honorable Committee Members,

My name is Kevin Lyons, and today I stand before you as a retired law enforcement officer, a member of a school board, a labor representative of the responsible for New Jersey's public sector health benefits program, and, most importantly, as a husband, father and grandfather.

Throughout my career in law enforcement, first as a cop and then a detective, and now as the Director of member benefits for the New Jersey State Policemen's Benevolent Association representing over 30,000 active law enforcement officers in New Jersey, I've come to understand that transparency isn't just a policy; it's the bedrock of trust and integrity. We all know that when it's missing, the community suffers. It should be no different in healthcare, in fact, the stakes may be higher because when people begin to distrust this system, lives are at stake. But sadly, it is one of the least transparent most shrouded aspects of our society - despite the fact it comprises one fifth of our economy.

In our policing, we've embraced body cameras and rigorous public scrutiny, understanding that transparency is essential to gain and build public trust. Yet, the opposite is true with many hospitals, carriers, third party administrators and PBMs. We are forced to belong to networks where we are prevented from knowing the price, we are prescribed drugs from a formulary that is largely driven by money and rebates, not clinical efficacy, and we incur tens of billions in foregone revenue from non-profit hospitals with basically zero oversight or benefit to show for it.

This dynamic not only makes it challenging to manage public budgets, as I know all too well, but also effectively erodes the trust of the people it's supposed to serve. And before I go on, let me be clear, my critique is in no way a reflection on the tireless efforts of our doctors, nurses, and support staff. In fact, these dedicated professionals are often themselves victims of the system's lack of transparency.

As a labor representative overseeing the second largest public sector health plan in the nation, I've not only witnessed the direct impact of these costs on individual families; I've also witnessed some of the egregious behavior that has led to this crisis. I regularly see instances where our members' hospital claims are paid in amounts far in excess of even the billed amounts, and when questioned, my colleagues and I were dismissed, silenced, told this was how carriers priced claims and it was proprietary and confidential. The detective in me isn't buying it. Or consider the time my colleague, then director of the program, told the carrier to make it easier for members to submit out of network mental health claims - to which the carrier responded: "if you do that, you do realize they are going to use the benefit more, right?" It is nothing short of unconscionable.

The financial impact of this broken system that operates in the shadows cannot be understated. For example, in my role on the Southern Regional Board of Education in New Jersey, I've seen healthcare costs balloon from 16% to 18% of our budget in just two cycles. These aren't just statistics; these represent unfunded school programs, higher teacher to student ratios and struggling infrastructure. What is more distressing is the fact that I could probably tell you every detail of every line item in the budget, from art supplies to transportation, but what is

behind healthcare cost increases? We fly blind and are expected to accept it, to protect what; the business interests of carriers, hospitals and PBMs?

The financial impact on my individual members, those that put their lives on the line everyday they head to work, and their families is real and is a tragedy. Many of our members see a significant portion of their hard-earned salaries – sometimes as much as 15% – consumed by healthcare premiums, and this is before they have accessed one ounce of care. The proliferation and peddling of high deductible health plans mean that many of these families don't see the full benefit of their healthcare plans until they've emptied their savings accounts.

This brings me to the heart of the matter – accountability and the urgent need for action. In my career as a detective, I've learned that accountability is key to justice. Yet, on the issue we speak of today, accountability is missing. Costs continue to rise unchecked, opaque billing practices are the norm, and those tasked with running self-funded health plans for tens of millions of people are regularly blockaded and stonewalled from information that would give them a fighting chance. For those of us serving in uniform, this is more than a financial burden; it's a betrayal of the trust and security we, as officers, strive to provide and uphold.

I would be remiss if I didn't mention the countless members of the healthcare community who have been blazing the path for transparency and accountability far in front of me and who have brought me along on this journey. People like Dr. Susan Hayes, who was a pioneer in pharmacy benefit manager reform and especially, my friend and colleague, Christin Deacon who is here with me. They are both fearless in their endeavors and the most zealous advocates for consumers and payors I have met along this journey.

I stand before you today, not only as a retired police officer and labor representative, but also as a husband, father, and grandfather, I implore this committee to recognize the urgency of healthcare reform. We, the everyday Americans, the officers who serve our communities, and the public sector workers who keep our society functioning, don't have the deep pockets to lobby Washington. Yet, our needs and voices are just as important. This is why I am here today – to remind you of the countless families, much like my own, who depend on your decisions for a better, healthier future.

### Synopsis of testimony of Kevin C. Lyons

- Transparency is paramount in any life saving service that requires the public trust.
- Any service that is paid for and is a necessity for the people must be able to stand up to public scrutiny.
- The lack of transparency that is defended by the hospitals does not allow people responsible for the maintenance and administration of health plans does not allow for accountability by the providers.
- There are bad actors that take advantage of the current lack of transparency.
- The financial impact affects every taxpayer to some degree.
- The lack of transparency directly affects schools and the quality of education.
- Police officers in NJ are paying up to \$15,000 toward their premiums, creating a financial hardship in a profession that is already suffering a recruitment crisis.
- There are many people who are calling for transparency for the right reasons, please utilize their expertise.