

**Opening Statement of the Honorable Gregg Harper, Chairman,
Subcommittee on Oversight and Investigations
July 17, 2018 Hearing on
“Examining State Efforts to Improve Transparency
of Health Care Costs for Consumers”**

As Prepared for Delivery

Today, the Subcommittee on Oversight and Investigations is holding a hearing entitled, “Examining State Efforts to Improve Transparency of Health Care Costs for Consumers.” We are here because health care costs continue to rise in the United States and many Americans are struggling to budget and pay for their health care expenses.

According to the Centers for Medicare and Medicaid Services, we spent \$3.3 trillion on health care in 2016, which means nearly 18 percent of the overall share of gross domestic product was related to health care spending. About 32 percent of health care spending in 2016 was on hospital care, 20 percent was on physician and clinical services, and about 10 percent of the spending was on prescription drugs.

The Committee has been actively looking at this concerning trend and has held a number of hearings examining some of the causes of increasing health care costs. Last year, the Oversight and Investigations subcommittee held two hearings on the 340B Drug Pricing Program and issued a report with the findings from our investigation. In February, the Subcommittee held a hearing examining consolidation in the health care market and examined the impact of consolidation on health care competition and innovation.

As health care costs continue to rise, many Americans still have no idea how much something will cost them before they receive care. Oftentimes, they only know their out of pocket costs once they have gotten the care and get their bill weeks, sometimes months, later. The purpose of today’s hearing is to examine state laws and policies that have an impact on health care costs and what can be done to lower costs for all Americans through more transparency of health care costs.

These transparency efforts have generally attempted to provide consumers information about different types of health care costs, including information about the cost of health care services and the cost of prescription drugs. In our work,

we've heard that there are a number of issues that make it difficult for some of these efforts to be effective. For example, sometimes there may be contractual provisions that limit the sharing of certain price information or concerns that the sharing of certain price information may be anti-competitive. Moreover, health care billing is complex and it can be difficult to provide the information to consumers in a meaningful way that is useful to them. Similarly, only a small percentage of health care services may be "shoppable." I hope to hear more about some of the barriers to transparency and what, if anything, Congress can do to help.

Unfortunately, early evidence suggests that some price transparency tools have not helped facilitate price shopping and lower consumer costs. I therefore look forward to hearing more from the witnesses about why this is the case, and what forms of transparency might help consumers budget for their care and make better health care decisions. For example, do we need to pair transparency with some other mechanism for it to be most effective?

The cost of certain health care services can vary significantly in the same geographic region at different sites of care. For instance, a 2014 study by the U.S. Government Accountability Office found that the estimated cost of maternity care at select, high-quality acute care hospitals in the Boston area ranged between \$6,834 and \$21,554—over a 100 percent difference. A more recent 2018 study found that the median price of magnetic resonance imaging (MRI) of the spine ranges from \$500 to \$1,670 in Massachusetts—also over a 100 percent difference. Empowering consumers with more information about the cost and quality of their care could help to reduce wasteful spending and save families money.

As we move forward, we have to keep in mind that there is a delicate balance between beneficial transparency and transparency that ultimately harms competition and consumers. The Federal Trade Commission has highlighted that it is important to give consumers the precise information they need to make better health care decisions. The agency also has cautioned, however, that it is important to avoid broad disclosures that may chill competition in the health care market.

I welcome and thank the witnesses for being here today, and I look forward to their testimony.