



January 23, 2023

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker McCarthy and Leaders Schumer, Jeffries, and McConnell:

Last November, Americans all across the country voted for Members of Congress they hoped would best ensure their family's health, wellbeing, and economic security. The 118th Congress now has the responsibility and the opportunity to deliver on their promises to the American people by coming together to pursue an agenda that ensures the best health care and health care outcomes are equitably accessible and affordable for all. Building off of recent important Congressional action, addressing our nation's health care affordability crisis must continue to be a top priority for Congress this year.

As an alliance that brings together the interests of consumers, employers, labor unions, and primary care clinicians working to realign and improve the fundamental economic incentives and design of the health care system, *Consumers First* and our undersigned allies stand ready to support you as you embark on this critical work. We write today not only to focus your attention on the urgency of the problem but to offer meaningful solutions. And the American people are with us: 90 percent of voters believe the president and Congress should act to lower the cost of health care.ⁱ Despite recent gains in coverage and affordability, families, employers, workers, and clinicians are still struggling in a health care system whose payment and delivery structure incentivizes high cost, low quality care that threatens the health and economic security of our nation's families. **We implore Congress to take decisive action this year to further investigate and meaningfully address key drivers of out-of-control health care costs, and to advance well-vetted, bipartisan, and commonsense legislation that would remedy some of the most obvious health system failings by increasing price transparency, cracking down on anti-competitive behavior, and implementing site-neutral payments across delivery systems.**

These changes are desperately needed. Our nation's health care affordability crisis is overwhelmingly driven by pricing practices that have been exacerbated and enabled by years of unchecked consolidation and growing anticompetitive health care markets - leaving families with rising health insurance premiums, reduced access to care, and record levels of medical debt.ⁱⁱ In fact, nearly half of all Americans have reported having to forgo medical care due to the cost, and a third have indicated that the cost of medical care interferes with their ability to secure basic needs like food and housing.^{iii,iv} Moreover, more than 40 percent of Americans report having medical debt due to a medical or dental

bill.^v And when asked to grade our health care system, 1 in 3 Americans give cost of American health care an F.^{vi}

Hospital prices, in particular, have become highly problematic as the role of hospitals in our economy has shifted over the last 60 years from charitable institutions to corporate entities, resulting in a fundamental misalignment between the business interests of the hospital sector and the interests of our nation's families, workers and employers. Since 2015, hospital prices increased by more than 30 percent, accounting for one-third of U.S. health care spending, and growing **four times** faster than workers' paychecks.^{vii,viii,ix} High hospital prices result in one-quarter of a trillion dollars in waste each year, which accounts for a quarter of *all* waste annually generated by the US health system.^x Importantly, hospital prices are not only high, but have become essentially irrational:

- In 2020, across all hospital inpatient and outpatient services, employers and private insurers paid on average 224 percent of what Medicare pays for the same services.^{xi}
- Prices at hospitals in concentrated markets are 12 percent higher than those in markets with four or more rivals without any demonstrated improvement in the quality or access to care.^{xii,xiii,xiv} All the while, the workforce in these concentrated markets suffers - wages for nurses and other health care workers decrease significantly after mergers and acquisitions.^{xv}
- Prices for the exact same service vary widely: A colonoscopy at a single medical center in Mississippi can range from \$782 to \$2,144 depending on insurance.^{xvi} At one health system in Wisconsin, an MRI costs between \$1,093 and \$4,029 depending on level of insurance.^{xvii} Across the country, the average price for a knee replacement ranges from \$21,976 in Tucson, Arizona to \$60,000 in Sacramento California.^{xviii}

This simply cannot go on, and Congress has the power to turn the tide on this crisis.

The good news is that you already have key solutions close at hand. In the short-term, Congress can advance solutions to:

- Take on rising health industry consolidation among hospitals, insurers, and other health care organizations that enables anticompetitive behaviors, prevents healthy competition in markets and results in monopolies that have the ability to set outrageous and unjustifiable prices.
- Provide consumers, employers and researchers with more transparency into comprehensive pricing, and quality data that would allow them to make more informed decisions about their care, enable health care clinicians and employers to promote high value health care, and ultimately provide stakeholders the information they need to make informed and effective health care payment and delivery system policies.
- Implement site-neutral payment policies across the board by eliminating site-dependent reimbursement distortions that indirectly incentivize acquisition of non-hospital patient access points. The continuation of this perverse incentive type of market consolidation drives up costs and incentivizes consolidation with no corresponding improvement in quality or access.
- Ensure that the Federal Trade Commission and U.S. Department of Justice Antitrust Division are appropriately resourced and have the legal tools needed to exert meaningful oversight of health care merger and acquisitions, including examining the impact on patient access to quality care.

Enacting these policies would set critical ground work to reduce inflated spending throughout the system and make health care more affordable and value-driven for consumers.^{xix}

Taking on common and deeply-rooted system distortions is never an easy task, but as leaders in Congress, you have been at the helm of an array of recent successes that tackle some of the most egregious market failures in our health care system. The bipartisan ban of surprise billing and provisions to lower health care costs in the No Surprises Act and the Consolidated Appropriations Act of 2021's ban on abusive "gag clauses" in contracts between insurers and providers were major wins for consumers, making historic strides toward reining in egregious industry practices that lead to inflationary health care costs.

Now we urge you to take the next major steps toward ensuring everyone in the U.S. has access to affordable health care. *Consumers First* and our undersigned allies look forward to working with you to enact bipartisan and commonsense improvements to our nation's health care payment and delivery system that will help realize this vision. Please contact Jane Sheehan, Director of Federal Relations at Families USA, JSheehan@familiesusa.org, for further information and to let us know how we can best be of service to you.

Sincerely,

Consumers First Steering Committee

American Academy of Family Physicians
American Benefits Council
American Federation of State, County & Municipal Employees
American Federation of Teachers
Families USA
Purchaser Business Group on Health

Supporting Organizations

ACA Consumer Advocacy
Alabama Arise
Allergy and Asthma Network
American Muslim Health Professionals
Asian and Pacific Islander American Health
Forum
Caring Across Generations
Center for Independence for the Disabled, NY
Colorado Consumer Health Initiative
Consumers for Quality Care
Doctors for America
Georgians for a Healthy Future
Health Access California
Health Care Voices
Kentucky Equal Justice Center
Metro NY Health Care for All
Moms Rising

National Association of Social Workers,
CT Chapter
National Association of Social Workers
National Partnership for Women and Families
Northwest Harvest
Northwest Health Law Advocates
NJ Citizen Action
Patient Rights Advocate
Pennsylvania Health Action Network (PHAN)
PIRG
Power to the Patients
Small Business Majority
Virginia Organizing
Texas Oral Health Coalition, Inc.
Third Way
UAW
United States of Care

Cc: The Honorable Ron Wyden, Chair, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance
The Honorable Bernie Sanders, Chair,
Senate Committee on Health, Education, Labor & Pensions (HELP)
The Honorable Bill Cassidy, Ranking Member,
Senate Committee on Health, Education, Labor & Pensions (HELP)
The Honorable Dick Durbin, Chair, Senate Committee on the Judiciary
The Honorable Chuck Grassley, Ranking Member, Senate Committee on the Judiciary
The Honorable Virginia Foxx, Chair, House Committee on Education and the Workforce
The Honorable Bobby Scott, Ranking Member,
House Committee on Education and the Workforce
The Honorable Cathy McMorris Rodgers, Chair, House Committee on Energy and Commerce
The Honorable Frank Pallone, Ranking Member, House Committee on Energy and Commerce
The Honorable Jim Jordan, Chair, House Committee on the Judiciary
The Honorable Jerrold Nadler, Ranking Member, House Committee on the Judiciary
The Honorable James Comer, Chair, House Committee on Oversight and Accountability
The Honorable Jamie Raskin, Ranking Member,
House Committee on Oversight and Accountability
The Honorable Jason Smith, Chair, House Committee on Ways and Means
The Honorable Richard Neal, Ranking Member, House Committee on Ways and Means

ⁱ Hampton, K. *Bleeding Americans Dry- Messaging the High Cost of Corporate Health Care*. Families USA. 2022.

https://familiesusa.org/wp-content/uploads/2022/08/Bleeding-Americans-Dry_Messaging-High-Cost-of-Corporate-Health-Care_2022.pdf

ⁱⁱ Gaynor, M. "Examining the Impact of Health Care Consolidation" *Statement Before the Committee on Energy and Commerce, Oversight and Investigations Subcommittee, U.S. House of Representatives*. 2018.

https://www.researchgate.net/profile/Martin-Gaynor/publication/323228757_Examining_the_Impact_of_Health_Care_Consolidation_Statement_before_the_Committee_on_Energy_and_Commerce_Oversight_and_Investigations_Subcommittee_US_House_of_Representatives/links/5a874b89a6fdc6b1a3ac6e9/Examining-the-Impact-of-Health-Care-Consolidation-Statement-before-the-Committee-on-Energy-and-Commerce-Oversight-and-Investigations-Subcommittee-US-House-of-Representatives.pdf

ⁱⁱⁱ Lopes, L. et al. *Health Care Debt in the U.S.: The Broad Consequences of Medical and Dental Bills*. KFF. 2022.

<https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>

^{iv} NORC. *Americans' Views on Healthcare Costs, Coverage and Policy*. West Health Institute. 2018.

<http://www.norc.org/PDFs/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy%20Topline.pdf>

^v Lopes, L. et al. *Health Care Debt in the U.S.: The Broad Consequences of Medical and Dental Bills*. KFF. 2022.

<https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>

^{vi} *2022 Healthcare in America Report: America's Report Card on the U.S. Healthcare System*. West Health and Gallup. 2022.

<https://s8637.pcdn.co/wp-content/uploads/2022/10/2022-Healthcare-in-America.pdf>

^{vii} Kurani, N. et al. *How Has U.S. Spending on Healthcare Changed Over Time?*. Health System Tracker, Peterson-KFF. 2022.

<https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#Contribution%20to%20change%20in%20total%20national%20health%20expenditures,%20from%202019-2020,%20by%20spending%20category>

^{viii} *Policy Approaches to Reduce What Commercial Insurers Pay for Hospitals' and Physicians' Services*. Congressional Budget Office. 2022. <https://www.cbo.gov/publication/58222>

^{ix} Desilver, D. *For Most U.S. Workers, Real Wages Have Barely Budged in Decades*. Pew Research Center. 2018.

<https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>

^x Shrank, W. et al. *Waste in the US Health Care System: Estimated Costs and Potential for Savings*. JAMA. 2019.

<https://jamanetwork.com/journals/jama/article-abstract/2752664>

^{xi} Whaley, C. et al. *Prices Paid to Hospitals by Private Health Plans*. RAND. 2022.

https://www.rand.org/pubs/research_reports/RRA1144-1.html

^{xii} Cooper, Z. et al. *The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured*. The Quarterly Journal of Economics. 2019. <https://academic.oup.com/qje/article-abstract/134/1/51/5090426?redirectedFrom=fulltext&login=false>

-
- ^{xiii} Gaynor, M. Diagnosing the Problem: Exploring the Effects of Consolidation and Anticompetitive Conduct in Health Care Markets. Statement before the Committee on the Judiciary Subcommittee on Antitrust, Commercial, and Administration Law. U.S. House of Representatives. 2019. <https://www.congress.gov/116/meeting/house/109024/witnesses/HHRG-116-JU05-Bio-GaynorM-20190307.pdf>
- ^{xiv} *The Impact of Hospital Consolidation on Medical Costs*. NCCI Insights. 2018. https://www.ncci.com/Articles/Pages/II_Insights_QEB_Impact-of-Hospital-Consolidation-on-Medical-Costs.aspx
- ^{xv} Prager, E. Schmitt, M. *Employer Consolidation and Wages: Evidence from Hospitals*. American Economic Association. 2021. <https://www.aeaweb.org/articles?id=10.1257/aer.20190690>
- ^{xvi} Kliff, S. Katz, J. *Hospitals and Insurers Didn't Want You to See These Prices. Here's Why*. The Upshot. The New York Times. 2021. <https://www.nytimes.com/interactive/2021/08/22/upshot/hospital-prices.html>
- ^{xvii} Kliff, S. Katz, J. *Hospitals and Insurers Didn't Want You to See These Prices. Here's Why*. The Upshot. The New York Times. 2021. <https://www.nytimes.com/interactive/2021/08/22/upshot/hospital-prices.html>
- ^{xviii} *National Chartbook of Health Care Prices*. The Health Care Cost Institute. 2016. <https://healthcostinstitute.org/national-chartbook-health-care-prices-2015>
- ^{xix} *Policy Approaches to Reduce What Commercial Insurers Pay for Hospitals' and Physicians' Services*. Congressional Budget Office. 2022. <https://www.cbo.gov/publication/58222>