

**Committee on Energy and Commerce**

**Opening Statement**

**of**

**Subcommittee on Oversight and Investigations Ranking Member Rep. Diana DeGette**

*Hearing on “Examining the Impact of Health Care Consolidation”*

**February 14, 2018**

Thank you, Mr. Chairman. As we will hear from the witnesses today, we have seen a long-term trend in consolidation in the health care sector, where the market has become increasingly dominated by fewer companies. This trend goes back 20 years or more, and it has real effects on all consumers.

Excessive consolidation leaves consumers with few choices, which not only limits their care options, but can also raise their prices. And let’s not forget that it is not just individual consumers who are paying more: when Medicare’s expenditures go up, the taxpayers suffer as well.

Consolidation does not always have to be negative. Hospital mergers can enable providers to combine their resources and improve coordination of care. But if their increased market power allows them to raise their prices with no alternative for consumers, entire communities can suffer.

We have also seen increasing numbers of hospitals acquiring physician practices. 2016 marked the first time that less than half of physicians owned their own practice. This can result in increased expenditures when the same services are now paid at higher rates. Although hospitals point to the reduced inefficiencies and regulatory burdens on physicians that result from these acquisitions, it is clear that the delivery of care is changing, and not always to the benefit of patients and payers.

Likewise, when insurance companies are able to pool their market power to negotiate lower rates, there can be positive results – but not when they push all other competitors out of the market, or when the savings are not passed down to consumers.

For instance, a year ago we saw the courts strike down two mergers between large insurers. These companies were already among the biggest players in the market, and it was recognized that the merged companies would stifle competition and innovation. It is very possible we will see more attempted mergers of this kind, and consumers need advocates on their behalf.

These issues affect all segments of the health care market, including prescription drugs. As you know, Mr. Chairman, I have long been concerned about the rising price of drugs, and insulin in particular. Congressman Tom Reed (R-NY) and I are in the process of conducting an inquiry into insulin prices through the Diabetes Caucus. Our early findings suggest that consolidation across different parts of the so-called “drug supply chain” is indeed affecting what patients pay for their medicines. This problem has ramifications not just for the consumers who rely on these medicines, but also the employers and private and public insurance programs that pay for them.

So as we talk about these issues, it is important to note that pharmacy benefit managers (PBMs) have also seen the sort of consolidation we will hear about today. PBMs have enormous influence in the prescription drug market, and yet the entire market is dominated by just a few PBMs. I am eager to hear the witnesses' thoughts on this problem, and what more can be done to address it.

We also need more innovative solutions that have potential to upend the inefficiencies in the market. Amazon, JPMorgan, and Berkshire Hathaway recently made news when they announced a joint venture to reduce health care costs for their companies. While it remains to be seen how effective this venture will be, it clearly shows there is a need in the market for innovation.

Mr. Chairman, these are complex issues, and the solutions will not be simple. While I recognize that there can be legitimate and even beneficial reasons for consolidation, the long-term trends are alarming, and the need for new approaches is clear. I look forward to hearing from the witnesses about what the research tells us are the underlying problems, what the real-world effects are, and what steps we can take to help.

I yield back.