Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Full Committee Ranking Member Frank Pallone, Jr.

Hearing on "Health Care Spending in the United States: Unsustainable for Patients, Employers, and Taxpayers"

January, 2024

Today's hearing builds on the Committee's critical work to lower health care costs and make coverage more affordable for American families. And there's some good news in this regard. More Americans have health coverage today than ever before, thanks to the Affordable Care Act and the expansion subsidies included in the Inflation Reduction Act. Last week, the Biden Administration announced that a record-breaking 21.3 million Americans signed up for health care coverage for this year through the ACA Marketplaces, that's five million more people than signed up last year, which was also a record. Millions of families have seen the cost of their monthly insurance premiums go down. In fact, four in five consumers were able to find health care coverage for $10 or less per month thanks to enhanced subsidies that Democrats passed as part of the American Rescue Plan and then extended through the Inflation Reduction Act.

This is a big deal and it's what's possible when you strengthen a program rather than spend years trying to eliminate it. I am proud of this historic achievement and hope we will act expeditiously to ensure that these subsidies are renewed next year when they are set to expire. Despite all this good news on the ACA front, high health care costs and affordability continue to be a challenge for consumers. This is creating a significant financial burden and preventing some families from getting necessary medical care. More than 40 percent of American adults say they have either delayed or forgone medical care because of high costs and half of adults have reported difficulty affording health care.

Our health care system is complex and challenging, and too many patients struggle to navigate and understand the cost of a health care procedure or a prescription drug. Patients are not able to easily obtain price information in advance, and sometimes, the information is inaccurate and misleading, making it difficult to determine the true value of a given service. Similarly, employers have difficulty accessing data that could help them negotiate lower prices and design high value plans.

Patients also face wide price variations, and the lack of transparency makes it difficult to compare across providers in advance of receiving care. Prices for health care services vary widely across different geographic areas but also across providers in the same geographic area. According to an analysis by The New York Times, a single hospital can have a three-fold difference in the price of the same service.

Prices of health care services also vary substantially in the employer-sponsored insurance market. According to another analysis, the average price of an MRI in large employer plans ranged from $251 to more than $1,400 across different geographical regions.

Patients and employers deserve greater transparency in the prices they pay for health care. And that's why I led the effort with Chair Rodgers and myself to pass H.R. 5378, our Lower Costs, More Transparency Act, out of Committee and by the House. Our bill will deliver lower health care costs for the American people and bring much-needed transparency to our nation's complex health care system. I am fighting to get H.R. 5378 passed into law, and I look forward to hearing from our witnesses on how we can further increase transparency and lower costs.

One area where we need to focus is on Medicare Advantage. Medicare spending is expected to double over the next ten years, with payments to Medicare Advantage plans totaling $7 trillion. While the Medicare Advantage program offers seniors flexibility in the way that they receive their medical care, it is important that we ensure Medicare remains financially viable and that seniors are receiving the high-quality care they deserve. The Medicare Payment Advisory Commission has consistently found that providing care under Medicare Advantage has cost more than under traditional Medicare. Overpayments to Medicare Advantage insurance companies were projected to be $27 billion in 2023 alone.

Despite the large costs associated with the Medicare Advantage program, there is limited data to conduct oversight and ensure that the program is providing good value for our federal dollars. In particular, there has been no meaningful accounting about whether or not seniors are actually using supplemental benefits and if their usage correlates to the additional money insurance companies are being paid.

As Medicare payments for supplemental benefits continue to increase, we must better understand if they are helping seniors and whether they are being delivered at a reasonable cost. H.R. 5380, led by Representative Sarbanes, would require insurance companies to report data on supplemental benefits. The legislation passed this Committee with unanimous bipartisan support, and I look forward to seeing it pass the House and signed into law.

Today's hearing is an important step in our continued efforts to make health care more affordable for the American people. I look forward to hearing from our witnesses and I yield back.