

SENATE HELP DISCUSSES HEALTH CARE AFFORDABILITY

EXECUTIVE SUMMARY

On July 31, the Senate Health, Education, Labor, and Pensions (HELP) Committee held a [hearing](#) entitled “Making Health Care Affordable: Solutions to Lower Costs and Empower Patients.” Members questioned the role of pharmacy benefit managers (PBM) in increasing health care costs and expressed their discontent with the functionality of the 340B Drug Pricing Program in directly benefiting patients. Conversations stirred bipartisan support for increasing transparency throughout the health care system, and several policymakers and witnesses discussed their support of the Patients Deserve Price Tags Act ([S.2355](#)). Additionally, the discussion highlighted the multifaceted nature of the nation’s health care system, and Members stressed the need to analyze all actors when considering reform efforts.

OPENING STATEMENTS

Chair Bill Cassidy, M.D. (R-LA) ([statement](#)) asserted that health care costs are too high, and he suggested that Congress must navigate “perverse incentives” in the health care system, including analyzing the impact of price transparency, regulatory barriers, and government discount programs. He touched on a desire to consider the root causes of rises in health care costs and discussed the multitude of actors that contribute to different factors in the health care system.

Ranking Member Bernie Sanders (I-VT) claimed that the current health care system functions to provide drug and insurance companies with “significant” profits. He advocated to repeal the health care cuts that were encompassed in the One Big Beautiful Bill Act ([H.R. 1](#)) and expressed a desire to learn from other nations’ health care systems. He also discussed his recent introduction of the Medicare for All Act ([S.1506](#)), highlighting its potential to provide comprehensive health care coverage to all individuals without out-of-pocket expenses.

WITNESS TESTIMONY

Ms. Chris Deacon ([testimony](#)), Principal and Founder of VerSan Consulting, asserted that transparency is a prerequisite to affordability, competition, and accountability. She claimed that systemic opacity across hospital pricing, claims data, PBM practices, and the 340B Drug Pricing Program undermines employer oversight and distorts pricing. Ms. Deacon explained that though employers take on the financial risk of health care coverage, they are expected to manage the plan without understanding what they are paying for. She specifically noted issues with access to claims data and full disclosures of conflicts of interest.

Dr. Benedic Ippolito ([testimony](#)), Senior Fellow at the American Enterprise Institute, discussed a desire to identify areas in which prices do not reflect their value to consumers, and he identified various examples of policy change, including assisting regulators and policymakers gain better insight into what is happening in markets. He also touched on the fact that hospitals are commonly paid more than physician offices to provide certain services that could also be done in the physician office, which incentivizes the consolidation of hospitals and physicians.

Dr. Brian Miller ([testimony](#)), Associate Professor of Medicine and practicing hospital medicine physician at Johns Hopkins University, proposed the following initiatives: (1) codify price transparency; (2) routinely audit large health systems with a focus on tax exempt institutions; and (3) implement penalties and publicization of non-compliance with federal regulations. He also suggested the implementation of a requirement of transparency for Hospital Outpatient Department (HOPD) facility fees and asserted that the Centers for Medicare and Medicaid Services (CMS) and the Federal Trade Commission (FTC) should investigate their marketing practices, as well as expressed a desire to analyze consolidation in the marketplace.

Mr. Wendell Potter ([testimony](#)), President of the Center for Health and Democracy, suggested analyzing medical loss ratio (MLR) loopholes, and asserted that insurers should not be allowed to use tax dollars to fund stock buybacks, dividends, and misleading advertisements. He also proposed expanding the use of global budgets, giving individuals greater choice, and ending anti-competitive practices.

Dr. Adam Gaffney ([testimony](#)), Assistant Professor of Medicine at Harvard Medical School, said that the OBBA will increase the uninsured rate and health care costs, and that individuals with Affordable Care Act (ACA) marketplace plans will see their premiums increase. He claimed that health care affordability will transition from “bad” to “worse,” and that while price transparency and PBM reform are reasonable, they are insufficient on their own. He also suggested the need to eliminate waste imposed by private insurers, as well as said that Medicare for All reform could save money annually by simplifying payments and cutting out private insurers.

DISCUSSION AND QUESTIONS

Transparency

- In conversation with Chair Cassidy, Ms. Deacon voiced her support for data transparency in the form of Machine-Readable Files (MRF) and employer access to data, claiming that they are essential for high-cost services because of their role in allowing employers to view prices and ensure they know what they are paying for.
- In conversation with Ranking Member Sanders, Ms. Deacon dubbed administrative waste as a problem and noted that it can be addressed through more transparency and disclosure.
- **Sen. Roger Marshall, M.D. (R-KS)** highlighted his legislation, the Patients Deserve Price Tags Act, pointing out its bipartisan support and its aim to implement price tags in health care. He

also explained that the bill ensures that group health care plans have access to their own claims data.

- Sen. Marshall discussed current PBM practices, explaining that they create formularies that prevent patients from obtaining generic drugs at a lower cost. He touched on his legislation, the Delinking Revenue from Unfair Gouging (DRUG) Act ([S.1542](#)), which seeks to delink the money that PBMs make from the cost of the drug itself. Mr. Potter expressed his support for the legislation.
- While discussing the Patients Deserve Price Tags Act with **Sen. John Hickenlooper (D-CO)**, Ms. Deacon said that she believes the bill can be a “monumental” shift as far as transparency in hospital pricing and the employer space.
- Sen. Hickenlooper suggested that a fully transparent health care system would allow businesses that are paying for insurance to understand what is going on and address how to make corrections.

340B Drug Pricing Program

- **Sen. John Husted (R-OH)** discussed the 340B Drug Pricing Program, stressing that while the program mandates that drug manufacturers give entities large discounts on drugs, there is no requirement for the savings to be passed through to the consumer or private insurer. He also noted that hospitals do not have to use the funds in a specific way.
- Sen. Husted questioned how Congress can improve the 340B Drug Pricing Program. Dr. Ippolito responded, saying that if the goal of the program is to help hospitals afford care for individuals who cannot afford it, the subsidies need to be tied to the patients.
- In conversation with Sen. Husted about reforming the 340B Drug Pricing Program, Dr. Miller suggested that hospitals be provided with supportive funds if they need them, and that if Congress wants the pharmaceutical industry to pay for them, it should create a flat fee to ensure that hospitals understand the subsidy they will gain to support their operations.

Other Topics

- In conversation with Ranking Member Sanders, Dr. Gaffney claimed that the “complex, commercialized” health care system drives high administrative costs.
- Ranking Member Sanders cited data from the Peterson Foundation which illustrates that the U.S. has the highest administrative health care costs per capita compared with other nations.
- In conversation with **Sen. Andy Kim (D-NJ)**, Ms. Deacon illustrated the administrative burden within the nation’s health care system through a case study in which an insurance company and third-party vendor negotiated to lower a claim and kept most of the savings generated in the process.
- When asked by Sen. Kim about competition and accountability, Dr. Miller voiced his support for the FTC to consider approved PBM mergers and reform its strategy of how it analyzes these mergers moving forward.
- **Sen. Ashley Moody (R-FL)** asserted that there is fraud in the health care system and explained that detection is often a problem. Ms. Deacon suggested that some entities do not report fraud because they financially benefit from it.

- **Sen. Maggie Hassan (D-NH)** questioned how the OBBBA cuts to Medicaid and the ACA will impact health care cuts for individuals, to which Dr. Gaffney explained that premiums for individuals with ACA marketplace plans will increase, health care prescription drug prices will increase for low-income seniors with Medicare, and health care costs will increase for newly uninsured individuals.