

Opening Statement of Ranking Member Mark DeSaulnier (CA-10)

Subcommittee on Health, Employment, Labor, and Pensions Hearing

"Competition and Transparency: The Pathway Forward for a Stronger Health Care Market"

2175 Rayburn House Office Building

Wednesday, June 21, 2023 | 10:15 a.m.

Thank you, Mr. Chairman.

I'm delighted to hear your comments and our conversations about this subject matter.

I am grateful to be here today. We are having the first of hopefully many bipartisan hearings on how we can lower health care costs for workers, families, and businesses by promoting transparency and competition. I'll say, as a progressive, I agree with you. I believe in transparency. As we work to lower costs for all Americans particularly consumers, it is also important that we raise the *quality* of health care as well. These issues go hand in hand—value.

Regrettably, the United States is an outlier when it comes to health care spending and quality outcomes.

As a share of gross domestic product, the U.S. spent nearly twice as much as the next closest developed country, Germany, in 2021. Over the past five years, average premiums for families have risen 22 percent in the United States.

Unfortunately, it is clear we are not getting what we are paying for. While our spending is number one in the world, our health outcomes, unfortunately are not. Americans don't get what they pay for when it comes to health care.

One fundamental problem, as the Chairman has said, is transparency. This limits our ability as policymakers to improve our health care system. It makes it harder for patients to find affordable, high-quality health care providers. And it prevents employers from meeting their obligation to ensure that their workers' premium dollars are spent prudently.

Transparency is also essential for fostering meaningful competition, as the Chair has said, which keeps health care costs in check for both consumers and employers.

Over the last few years, Democrats and Republicans have made bipartisan progress to address these issues. In 2020, we came together to pass the *No Surprises Act* and the *Consolidated Appropriations Act of 2021*, or the CAA.

These bipartisan achievements show that Democrats and Republicans *can* work together to lower health care costs for workers and families. However, there is still an urgent need for further action.

Evidence on the ground suggests that some requirements of the CAA may not be working as intended.

For example, despite the CAA's new disclosure requirements for group health plan service providers, entities—such as pharmacy benefit managers, or PBMs, and third-party administrators—often fail to disclose their compensation to plan fiduciaries. Similarly, despite the prohibition on gag clauses under the CAA, third-party administrators and other service providers throw up roadblocks that prevent plan fiduciaries from using the information to lower costs and improve quality.

I also hope to explore ideas for changing the incentives of PBMs to make sure they act in the best interests of clients. At a minimum, we should all agree that employers and consumers deserve to know how the rebates PBMs receive from drug manufacturers impact their decisions that raise costs for workers and families.

Finally, Mr. Chairman I look forward to learning more about improvements that can be made to the Transparency in Coverage regulations of the *Affordable Care Act* and how to improve hospital billing policies.

Without transparency and meaningful competition, health care costs will be driven by who has the most market power, not who provides the highest quality services. And, as a result, the price we pay will continue to rise, while the quality of what we receive in health care will decline.

Lastly, I want to note something that you mentioned, that promoting transparency and competition, alone, will not solve the problem of the high cost of health care. As the issue of surprise medical billing shows, we cannot fully address market failure without more direct action to ensure our constituents have access to affordable, high-quality care.

It is my hope that this is only the first of many conversations about how we can make our health care system work for American patients and their families.

I want to thank you, again, I want to thank our witnesses I look forward to a robust and constructive conversation.

I yield back.