



**PARTNERSHIP FOR
EMPLOYER-SPONSORED COVERAGE**

STATEMENT FOR THE RECORD
U.S. HOUSE OF REPRESENTATIVES
ENERGY AND COMMERCE COMMITTEE
SUBCOMMITTEE ON HEALTH

HEARING ON:

**“LOWERING UNAFFORDABLE COSTS: LEGISLATIVE SOLUTIONS TO INCREASE
TRANSPARENCY AND COMPETITION IN HEALTH CARE”**

The Partnership for Employer-Sponsored Coverage (P4ESC) commends the Subcommittee on Health for holding this hearing on lowering health care costs for working Americans and their families by increasing transparency and competition. Helping make coverage more affordable is at the core of P4ESC’s mission.

P4ESC is a nonpartisan advocacy alliance of employment-based organizations and trade associations representing businesses of all sizes and sectors, and the millions of Americans and their families who rely on employer-sponsored coverage every day. Employer-sponsored health coverage is the single largest source of coverage in our nation.

P4ESC and employers strongly support greater transparency in health care. Not only do health care consumers need more comparative health care information (and the means to easily understand and put that information to good use) but employers are frequently tasked with producing benefits information not within our actual control. Greater transparency can help serve both needs. However, we caution that transparency alone is not enough.

P4ESC and businesses of all sizes long have been concerned by health sector consolidation and limited access to certain provider groups. The growth of private equity involvement in health care has helped to fuel consolidation. Increased consolidation dampens competition to the detriment of health care consumers. Consolidation in health care is increasing medical costs for employees and employers. Congress should encourage the FTC to examine consolidation of hospitals and physician practices by private equity more closely and continue oversight on its progress.

Employer-based coverage has been stressed by cost pressures and crises such as the COVID-19 pandemic, which tested the link between work and health care benefits. However, the number of Americans with employer-provided coverage fell only 1-2 percent despite the unemployment rate peaking at over 14 percent in 2020, according to the Commonwealth Fund. Employer-based insurance can and should continue to be the foundation of our nation’s coverage.

The fiscal viability and rising cost of our nation’s health care system have long been debated, even before the COVID pandemic. Though many proposals have sought to address the *demand side* of health care spending by discouraging utilization, the better approach would be to address the *supply side* of health care spending. The rising cost of hospitalizations and prescription drugs are unsustainable in the long-run, and are a major factor driving the increase in cost of employer plans. We urge Congress to address the supply side of health care spending.

Rising health care costs are the greatest challenge in employer-sponsored health coverage. Small business owners have cited this as a leading challenge for more than 30 years.¹ Medical care from doctors, hospitals, and other medical providers is too expensive as are prescription drugs and biologics. P4ESC strongly supports greater congressional oversight of the Federal Trade Commission (FTC) review of hospital and physician practice consolidation with emphasis on the growth of private equity acquisition of hospitals and physician practices. P4ESC also supports building on site-neutral rules to deter location-based gaming of coverage (e.g., the *Transparency of Hospital Billing Act*). Greater oversight of the high cost of medical care is long overdue.

The present and growing cost of pharmaceutical and biological therapies is as much a threat to employer-sponsored coverage as it is essential to modern health care. Pharmaceutical manufacturers, Pharmacy Benefit Managers (PBMs), and others are wrapped up in a convoluted and mutually dependent web that adds needless cost to coverage. Greater transparency of the pharmaceutical supply chain has helped to a degree, but the market has ultimately proven to be an insufficient governor of supply and cost. Additional steps to improve transparency and greater oversight and regulation of the pharmaceutical supply chain are needed. We also urge Congress to investigate the current patent approval process and the apparent gaming of patents by incremental changes to extend patent exclusivity.

Conclusion

As a coalition representing businesses of all sizes, the Partnership for Employer-Sponsored Coverage appreciates the opportunity to provide these comments to members of the Subcommittee. P4ESC represents employers across the spectrum of the employer system – from the smallest family-owned business to the largest corporation. Employers have a significant stake in developing and implementing health care policies, and we look forward to working with you and your colleagues in a bipartisan manner throughout the 118th Congress. If you or your staff would like to meet to discuss the issues raised in our statement, please have your staff contact P4ESC’s Executive Director Neil Trautwein at neil@trautweinstrategies.com.

¹ National Federation of Independent Business, www.nfib.org