COMMITTEE ON EDUCATION & THE WORKFORCE

COMMITTEE STATEMENT

Opening Statement of Rep. Bob Good (R-VA), Chairman
Subcommittee on Health, Employment, Labor, and Pensions
Hearing: "Lowering Costs and Increasing Access to Health Care with Employer-Driven Innovation"
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(As prepared for delivery)

President Ronald Reagan once said, "the nine most terrifying words in the English language are: I'm from the government and I'm here to help."

The government often causes more harm than it does good, and that is particularly true when it comes to health care.

Thankfully, America is filled with innovators and problem solvers. Today, we will hear from some of these leaders on the important topic of lowering prices for quality health care.

The cost of health care is one of the greatest challenges our country faces. Last year, health care spending reached $4.5 trillion, costing over $13,000 per American citizen.

Meanwhile, Medicare is set to become insolvent by 2031. In 2023, federal subsidies for health insurance are estimated to be $1.8 trillion, or 7 percent of gross domestic product.

This has led to premiums drastically increasing for commercial insurance. The other side doesn't seem to understand that when the government subsidizes something, it actually becomes more expensive. It merely shifts the cost from the patient to the taxpayer.

In my district in Campbell County, Virginia, premiums for a family plan have increased 81 percent, or $9,000, over the last decade. So much for "premiums will go down with the *Affordable Care Act*."

The Biden administration's plan is to increase spending and impose more mandates, which only results in inflated health care prices, further bankrupting our country.

Today, we are going to learn from innovators in the business world who are delivering savings to workers through lower health care costs, while still providing timely access and quality care.

Employers not only have a strong incentive to deliver high-quality benefits to retain their employees, they also have a legal fiduciary obligation to do so. Unsurprisingly, 67 percent of Americans are satisfied with their employer-sponsored care.

But sadly, the system is rigged against employers who want to pursue value-based payment models. It takes time and resources for health care innovators to overcome the significant economic and regulatory barriers in place across the country.

We can learn a lot from the witnesses here today as well as the other innovators who are working to overcome these barriers and teach employers how to use innovative models as well.

In 2012, Walmart, the largest private employer in the world, launched its Center of Excellence (COE) program, which directs patients to specific sites and providers for specialty care. Since the launch of Walmart's COE program for spine surgery, Walmart has found that patients who underwent surgery at a COE had shorter hospital stays and drastically lower readmission rates and that patients returned to work sooner than non-COE patients. For the 2017 benefits year, it is estimated that Walmart, Lowe's, and McKesson saved $19.4 million through their spine and joint surgery programs.

Schweitzer Engineering Labs, represented today, saved nearly $2 million in 2023 by participating in innovative models. California VEBA, also represented today, has drastically slowed premium growth in its plans, and its beneficiaries have reported a 94 percent satisfaction rating.

The Boeing Company also engages in direct contracts with doctors and hospital systems, effectively bypassing insurance companies. One study found that patient cost-sharing payments decreased expenses per procedure by $498 for orthopedic and surgical procedures when using the direct contract model.

However, many barriers still exist, which make it especially difficult for small and midsize employers to use these models.

One barrier is a lack of data. Employers often struggle to access their own health plan and spending data from their third-party administrator. Without this information, employers and providers are unable to adequately design innovative payment models and assess quality and savings.

Another barrier is the overzealous state regulators who threaten to prohibit or overregulate payment models that allow for provider risk-sharing, even when the payment is between a self-funded ERISA plan and a provider. Some states even try to regulate these self-funded ERISA plans as insurance carriers.

Further, inconsistent quality measurement standards pose a challenge in the health care market. The lack of reasonably established cost and quality benchmarks can be a challenge for employers, providers, and third-party administrators.

These barriers often translate into administrative burdens, costing time, money, and personnel to navigate and overcome. These are administrative burdens that many small and mid-sized companies do not have the resources to address.

One solution would be to allow employers to take advantage of economies of scale by permitting them to join together into one direct contract with a provider. Another solution could strengthen data sharing requirements, as this committee has done in the provisions included in the House-passed *Lower Costs, More Transparency Act*. The federal government could also clarify that ERISA self-funded plans can participate in innovative payment models without being targeted by overzealous state regulators.

These are just a few ways to address the barriers employers face today. Our witnesses will speak more about the different challenges and solutions Congress can consider when providing space for our health care innovators and business owners. I look forward to today's discussion and creating pathways for lower-cost, high-quality, and innovative health care.