

Opening Statement of Rep. Allen (R-GA)
Education and Workforce Committee
Health, Employment, Labor, and Pensions Subcommittee
Direct Contracting: A Prescription for Lower Health Care Costs
July 1, 2026

(As prepared for delivery)

Employer-sponsored care is the core of America's health system, and Education and Workforce Committee members understand that employers want what is best for their employees.

Although they are not required to offer health coverage, small businesses often choose to do so to attract and retain top talent. As a former small business owner myself, I learned that investing in the health of my employees paid long-term dividends, both in productivity and the morale of the company.

Unfortunately, it is becoming more challenging for businesses of all sizes to offer competitive health care benefits. Ninety-eight percent of small employers offering health insurance are concerned that the cost of providing coverage will soon become unsustainable.

As health care costs continue to rise, employers are increasingly turning to innovative models—such as direct contracting and direct primary care—to deliver high-quality health care at a lower cost. Direct

contracting allows employers to negotiate directly with providers, helping reduce costs, improve quality, and ensure more health care dollars are spent on patient care rather than administrative overhead. Direct contracts may also include direct primary care, which allows patients to access primary care services for a flat membership fee. This model decreases the total cost of claims, and patients are getting more comprehensive care and experiencing better health outcomes.

While there is great success with these models, barriers still exist, making it especially difficult for small and mid-size employers to take advantage of them.

One of those barriers is lack of data. Employers often struggle to access their own health plan and spending data. Without this information, employers and providers are unable to identify waste, assess quality and savings, and design health benefits that best meet the needs of their workers.

Today we will hear how these models are benefiting providers, employers, and employees, and discuss ways we can remove barriers that stand in the way of greater innovation and lower costs. With that, I yield to the Ranking Member for his opening statement.