



The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

September 15, 2022

Dear Speaker Pelosi and Leaders Schumer, McCarthy, and McConnell:

On behalf of Families USA, a leading national voice for health care consumers, dedicated to the achievement of high-quality, affordable health care and improved health for all, I write to commend Congress for your recent efforts to take on longstanding industry abuses that keep health costs high and make care inaccessible for consumers and their families. I also urge you to further this work in the months ahead by taking head on the root causes of crippling consumer health care costs, particularly by addressing high and rising hospital prices that result from decades of unchecked consolidation and anticompetitive behavior.

From the enactment of the landmark and bipartisan No Surprises Act in 2020, to the historic passage of the Inflation Reduction Act's prescription drug provisions this summer, Congress has taken meaningful steps to tackle some of the most egregious failures in our health care system. These laws will make a real difference in people's lives. Yet, the work to address unaffordable, low-quality health care is far from over. Congress continues to have a key role to play both uncovering health industry behavior through bipartisan oversight and hearings, and addressing those behaviors through legislation that addresses the industry behavior that leads to high costs and poor health outcomes will no longer be tolerated. This is especially urgent when it comes to the hospital industry.

As detailed in our latest reportⁱ, the role of hospitals in our economy has shifted substantially over the last 60 years.ⁱⁱ What were once local charitable institutions built to serve the community have now become large corporate entities focused on maximizing revenue rather than improving health.ⁱⁱⁱ Fundamentally, the business interests of the hospital sector are no longer aligned with the interests of the patients they serve. These misaligned incentives are a fundamental driver of our nation's health care cost and quality crisis which has forced more than 100 million Americans into health care debt across the nation – 63 percent of whom have been forced to cut spending on food, clothing and other basic necessities because of this debt.^{iv}

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There is long-standing evidence that Americans are paying increasingly higher prices but are not receiving better health care.^v These high prices have gotten much worse in recent years because of health care industry consolidation — particularly among hospitals — that has eliminated healthy competition and led to monopolistic pricing. Consolidation has taken place without meaningful regulatory oversight or effective intervention.^{vi} Since 2010, more than 1,600 hospitals have merged across the country, and the number of doctors’ offices being bought by hospitals and large health systems has increased dramatically, with more than half of all physicians now being employed by hospital-owned practices.^{vii,viii,ix,x,xi}

This growth in big health care corporations is the primary cause of the high and variable health care prices that are driving our nation’s affordability crisis. Since 2015, hospital prices have increased as much as 31 percent nationally, now accounting for nearly one-third of U.S. health care spending, and growing more than four times faster than workers’ paychecks.^{xii,xiii,xiv} Importantly, these higher hospital prices result in more than \$240 billion of waste annually and account for more than one-quarter of total wasteful spending — \$900 billion — that is generated in the U.S. health care system on an annual basis.^{xv}

It is time to implement policy changes that will make the health care sector more competitive, make health care more affordable, and allow our nation’s families to access the health and health care they deserve. Members of Congress across the ideological spectrum have voiced concerns about anticompetitive health care markets and fee-for-service payment abuses by large health care corporations. Key committees have held hearings to examine the problems associated with increased health care consolidation and the limited community benefit of non-profit hospital corporations. Lawmakers have introduced bipartisan bills aimed at improving hospital price transparency, cracking down on anti-competitive contracting behaviors, and addressing perverse incentives for hospitals by expanding site neutral payments.

Congress should seize this momentum to immediately implement commonsense policies that rein in abusive health care prices and make health care more affordable for everyone. Ultimately, policymakers should go even further, working together to redesign the economic incentives of the health care sector to be aligned with the needs of consumers and families. The journey to fully transform our health care system is long, but Congress holds the power to take the next critical steps. Families USA stands ready to support you in this essential and urgently needed work.

Thank you for your consideration, and for your dedication to improving health and health care for everyone in America.

Sincerely,



Frederick Isasi
Executive Director, Families USA

Cc:

The Honorable Ron Wyden, Chair, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance
The Honorable Patty Murray, Chair,
Senate Committee on Health, Education, Labor & Pensions (HELP)
The Honorable Richard Burr, Ranking Member,
Senate Committee on Health, Education, Labor & Pensions (HELP)
The Honorable Dick Durbin, Chair, Senate Committee on the Judiciary
The Honorable Chuck Grassley, Ranking Member, Senate Committee on the Judiciary
The Honorable Bobby Scott, Chair, House Committee on Education and Labor
The Honorable Virginia Foxx, Ranking Member, House Committee on Education and Labor
The Honorable Frank Pallone, Chair, House Committee on Energy and Commerce
The Honorable Cathy McMorris Rodgers, Ranking Member,
House Committee on Energy and Commerce
The Honorable Jerrold Nadler, Chair, House Committee on the Judiciary
The Honorable Jim Jordan, Ranking Member, House Committee on the Judiciary
The Honorable Carolyn Maloney, Chair, House Committee on Oversight and Reform
The Honorable James Comer, Ranking Member, House Committee on Oversight and Reform
The Honorable Richard Neal, Chair, House Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member, House Committee on Ways and Means

ⁱ Sophia Tripoli, Frederick Isasi, Eliot Fishman, Bleeding Americans Dry: The Role of Big Hospital Corporations in Driving our Nations Affordability and Quality Crisis, Families USA, September 2020, Available At: https://familiesusa.org/wp-content/uploads/2022/09/People-First-Care_Role-of-Hospitals_1.pdf

ⁱⁱ Barbra Mann Wall, "History of Hospitals," *Nursing, History and Health Care*, University of Pennsylvania, n.d., <https://www.nursing.upenn.edu/nhhc/nurses-institutions-caring/history-of-hospitals/>.

ⁱⁱⁱ Wall, "History of Hospitals." <https://www.nursing.upenn.edu/nhhc/nurses-institutions-caring/history-of-hospitals/>.

^{iv} Naomi N. Levey, "100 Million People in America are Saddled with Health Care Debt", *Kaiser Health News*, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>

^v Gerard F. Anderson, Peter Hussey, and Varduhi Petrosyan, "It's Still the Prices, Stupid: Why the US Spends So Much on Health Care, and A Tribute to Uwe Reinhardt," *Health Affairs* 38, no. 1 (January 2019): 87–95, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.05144>.

^{vi} Anderson, Hussey, and Petrosyan, "It's Still the Prices, Stupid."

^{vii} "Chart 2.9: Announced Hospital Mergers and Acquisitions, 1998–2015," *TrendWatch Chartbook 2016: Trends Affecting Hospitals and Health Systems* (Washington, DC: American Hospital Association, 2016), <https://www.aha.org/system/files/2018-01/2016-chartbook.pdf>; "Chart 2.9: Announced Hospital Mergers and Acquisitions, 2005–2017," *TrendWatch Chartbook 2018: Trends Affecting Hospitals and Health Systems* (Washington, DC: American Hospital Association, 2018), <https://www.aha.org/system/files/2018-07/2018-aha-chartbook.pdf>.

^{viii} Martin Gaynor, "Examining the Impact of Health Care Consolidation," statement before the U.S. House Committee on Energy and Commerce Oversight and Investigations Subcommittee, Washington, D.C., February 14, 2018.

^{ix} *2018 M&A in Review: A New Healthcare Landscape Takes Shape* (Chicago: Kaufman, Hall & Associates LLC, 2019), https://www.kaufmanhall.com/sites/default/files/documents/2019-01/2018-merger-acquisition-year-in-review_kaufman-hall.pdf.

^x "Updated Physician Practice Acquisition Study: National and Regional Changes in Physician Employment, 2012-2018," Physicians Advocacy Institute (PAI), February 2019, <http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/021919-Avalere-PAI-Physician-Employment-Trends-Study-2018-Update.pdf?ver=2019-02-19-162735-1>.

^{xi} Shruthi Venkatesh, "The Impact of Hospital Acquisition on Physician Referrals" (unpublished manuscript), November 2019, <https://shruthi-venkatesh.github.io/publication/working-paper-2/>.

^{xii} Kurani et al., "U.S. Spending on Healthcare." <https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/>.

^{xiii} Drew DeSilver, "For Most U.S. Workers, Real Wages Have Barely Budged in Decades," Pew Research Center, August 7, 2018, <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>.

^{xiv} Health Care Cost Institute, *Cost and Utilization Report*, 2020.

^{xv} David I. Auerbach and Arthur L. Kellerman, "A Decade of Health Care Cost Growth Has Wiped Out Real Income Gains for an Average US Family," *Health Affairs* 30, no. 9 (September 2011), https://www.rand.org/pubs/external_publications/EP201100172.html.