

Making Health Care Affordable: Reining In Health Industry Abuses To Lower People's Costs and Generate Budget Savings



The 119th U.S. Congress and the Trump administration have an important opportunity and responsibility to provide relief to the American people by advancing a health care agenda that will meaningfully lower health care costs *without* undermining the core commitments of Medicaid, Medicare, the Affordable Care Act or employer-based coverage that the American people rely on.

In the 2024 elections, Americans made it abundantly clear that economic and financial security are a priority for them. Many Americans are increasingly concerned about the cost of everyday necessities like food, housing and health care. In 2023, an average of 48% of families with commercial coverage were spending up to 25% of their monthly budget on health care costs.¹ These high costs have left 100 million families grappling with medical debt they may never pay off.² **Stripping away access to public and private health insurance from our nation's families will only serve to further threaten their financial stability. But there *is* a bipartisan agenda to generate budget savings without attacking access to health care.**

We implore policymakers to advance well-vetted, commonsense, bipartisan health care affordability reforms to lower costs for the American people and the federal government. **If enacted, these reforms would generate hundreds of billions of dollars in savings for federal and state governments.**

A Pro-Consumer Health Care Affordability Policy Agenda

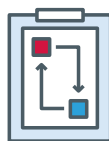
America's health care affordability and quality crisis stems from a fundamental misalignment between the business interests of the health care sector and the health and financial security of our nation's families. The health care industry sets excessive health care prices and takes advantage of loopholes that drive inefficient health care spending that has little to do with the quality of care provided to our nation's families. The unchecked growth of big health care corporations and a lack of oversight over their business practices have led to monopolistic health care prices, reduced access to care, worse health outcomes and lower wages for workers — a direct threat to the health and financial security of every American.³

Congress has used its power to rein in the corporate abuses of Big Tobacco, Big Banks and Big Tech. It is past time to scrutinize big health care corporations to safeguard our economy and protect families in America from the greed of medical monopolies.



Promote meaningful transparency and accountability

- **Strengthen hospital and health plan price transparency** by requiring all hospitals and health plans to disclose their negotiated rates in dollars and cents; establishing standard report formatting, including a machine-readable format; eliminating reporting loopholes; requiring hospital executive attestation; and increasing penalties for noncompliance.
- **Advance billing transparency reforms** that require off-campus hospital outpatient departments to use a separate identifier when billing to Medicare or commercial insurers to ensure large hospital systems do not overcharge for the care they deliver in outpatient settings. *(Estimated savings is \$403 million over 10 years).*⁴
- **Direct pharmacy benefit managers to report comprehensive and accurate data** about their business practices, including but not limited to revenue, price and utilization data resulting from their negotiations with drug manufacturers and contracts with insurers. *(Estimated savings is \$2.2 billion over 10 years).*⁵
- **Require Medicare Advantage insurers to submit high-quality and complete encounter data** to promote meaningful transparency in the Medicare Advantage program so the Centers for Medicare & Medicaid Services, lawmakers and the public understand to what extent the Medicare Advantage insurers are delivering affordable, high-value care.



Reduce waste and inefficiencies driven by corporate health systems

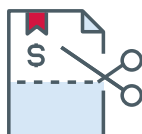
- **Enact a comprehensive same service, same price (site-neutral) payment policy in Medicare** to reduce consolidation in hospital markets and stop health care corporations from charging inflated health care prices and shifting patients to higher-cost care settings. *(Estimated savings is \$157 billion over 10 years.)*⁶
- **Strengthen the Medicare Advantage payment system against health care industry gaming**, including the bid-benchmark and risk adjustment systems, to promote competition within the Medicare Advantage individual market and save hundreds of billions of dollars in wasteful Medicare spending. *(Estimated savings is \$772 billion to \$2.3 trillion over 10 years.)*⁷
- **Close legal loopholes that allow drug companies to drive up the cost of prescription drugs** by reining in key patent abuses, such as patent thickets, product hopping and pay-for-delay practices to improve innovation and competition in the prescription drug market. *(Estimated savings is \$4.6 billion over 10 years.)*⁸
- **Reform physician payment so that providers profit from the quality of care they provide** and not from delivering high volumes of low-value care. This includes shifting physician payment away from broken fee-for-service economics and toward alternative payment approaches and improved quality measurement that promotes high-value care, including addressing rural health care issues by realigning health care payments with rural economics.



Root out conflicts of interest that increase health care costs

- **Require greater transparency around the role of private equity and corporate ownership** in health care to ensure all Americans, including those in rural communities, have access to the health care they need at a price they can afford.
- **Stop medical specialty societies from setting their own Medicare payment rates** that devalue primary care and chronic disease management by reducing the Centers for Medicare & Medicaid Services' overreliance on the American Medical Association's Relative Value Scale Update Committee (RUC) and establishing an alternative advisory committee to help determine physician payments in the Medicare physician fee schedule.

- **Prohibit anticompetitive contracting terms** including between providers and insurers such as “all-or-nothing,” “antisteering,” and “antitiering” clauses in provider and insurer contracts and noncompete clauses in employee contracts that limit patient access to alternative sources of higher-quality, lower-cost care. *(Estimated savings is \$3.2 billion to \$194 Billion over 10 years.)*⁹
- **Reduce conflicts of interest among health plans that employ their own providers** by strengthening ownership transparency and medical loss ratio (MLR) requirements to prevent plans from subverting MLR rules and diverting health care dollars to increase profits at the expense of paying for lifesaving health care.¹⁰
- **Ensure better integrity around tax-exempt status for “nonprofit” hospitals** that are exploiting rules to evade meeting their obligation under federal law to provide meaningful health improvements to the communities they serve and making health care unaffordable for America’s families and patients.¹¹



Provide direct relief to working families and patients

- **Extend enhanced premium tax credits** to ensure millions of working Americans and their families maintain access to affordable health care coverage.
- **Lower the cost of prescription drugs** by protecting and enhancing Medicare negotiation for fair drug prices and extending the benefits of those lower prices to people who buy their insurance in the commercial market as well as reining in patent abuses that force Americans to pay higher drug prices than anyone else in the world. *(Estimated savings is \$205 billion to \$255 billion over 10 years.)*¹²
- **Strengthen and support implementation of the No Surprises Act** to ensure families are fully protected from out-of-network balance bills and increased premiums by extending protections to ground ambulance services, addressing industry abuses of the Independent Dispute Resolution process and defending the law from private-equity led attempts to weaken it. *(Estimated savings for protections on surprise ground ambulance bills is up to \$129 million a year)*¹³

The time to act is now. The 119th Congress and the Trump administration have a critical opportunity and responsibility to take concrete action and advance pro-consumer reforms to the health care system that improve transparency, promote healthy competition and curb industry abuses, while protecting the coverage safety net and providing needed relief to working families and patients across the country. The American people are demanding relief.

Endnotes

- ¹ Sara R. Collins, Shreya Roy, and Relebohile Masitha, “Paying for It: How Health Care Costs and Medical Debt Are Making Americans Sicker and Poorer: Findings From the Commonwealth Fund 2023 Health Care Affordability Survey,” The Commonwealth Fund, October 26, 2023, <https://doi.org/10.26099/bf08-3735>.
- ² Noam N. Levey, “100 Million People in America Are Saddled With Health Care Debt,” KFF Health News, June 16, 2022, <https://kffhealthnews.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>.
- ³ Sophia Tripoli, “Breaking Up Health Care Monopolies: Examining the Budgetary Effects of Health Care Consolidation,” testimony before the U.S. House Budget Committee, Families USA, May 23, 2024, <https://familiesusa.org/resources/testimony-of-sophia-tripoli-before-the-house-budget-committee-on-breaking-up-health-care-monopolies-examining-the-budgetary-effectsof-health-care-consolidation/>; Robert A. Berenson et al. *Addressing Health Care Market Consolidation and High Prices: The Role of the States* (Urban Institute, January 2020), https://www.urban.org/sites/default/files/publication/101508/addressing_health_care_market_consolidation_and_high_prices_1.pdf; *Policy Approaches to Reduce What Commercial Insurers Pay for Hospitals’ and Physicians’ Services* (Congressional Budget Office, September 2022), <https://www.cbo.gov/system/files/2022-09/58222-medical-prices.pdf>.
- ⁴ “Estimated Direct Spending and Revenue Effects of H.R. 5378, the Lower Costs, More Transparency Act: As posted on the website of the Clerk of the House on December 5, 2023,” Congressional Budget Office, December 8, 2023, https://www.cbo.gov/system/files/2023-12/hr5378-DS-and-Revs_12-2023.pdf.
- ⁵ Congressional Budget Office, “Estimated Direct Spending and Revenue.”
- ⁶ *Options for Reducing the Deficit: 2025 to 2034* (Congressional Budget Office, December 2024), <https://www.cbo.gov/system/files/2024-12/60557-budget-options.pdf>.
- ⁷ Congressional Budget Office, *Reducing the Deficit*; Erin C. Fuse Brown et al., “Legislative and Regulatory Strategies for Revitalizing Medicare Advantage,” Brown University Center for Advancing Health Policy Through Research, n.d., https://cahpr.sph.brown.edu/sites/default/files/documents/One-Pager_MABenchmarks_MR-6.pdf.
- ⁸ “S. 150, Affordable Prescriptions for Patients Act of 2023: As reported by the Senate Committee on the Judiciary on March 1, 2023,” Congressional Budget Office, June 13, 2024, <https://www.cbo.gov/system/files/2024-06/s150.pdf>; “S. 142, Preserve Access to Affordable Generics and Biosimilars Act: As reported by the Senate Committee on the Judiciary on March 1, 2023,” Congressional Budget Office, March 13, 2024, <https://www.cbo.gov/system/files/2024-03/s142.pdf>.
- ⁹ “S. 2840, Bipartisan Primary Care and Health Workforce Act: As reported by the Senate Committee on Health, Education, Labor, and Pensions on November 8, 2024,” Congressional Budget Office, November 8, 2024, <https://www.cbo.gov/system/files/2024-02/s2840.pdf> ;
- “Noncompetes: What You Should Know”, Federal Trade Commission, 2023, <https://www.ftc.gov/news-events/features/noncompetes>.
- ¹⁰ Richard Gilfillan and Donald M. Berwick, “Medicare Advantage, Direct Contracting, and the Medicare ‘Money Machine,’ Part 1: The Risk-Score Game,” *Health Affairs Forefront*, September 29, 2021, <https://www.healthaffairs.org/content/forefront/medicare-advantage-direct-contracting-and-medicare-money-machine-part-1-risk-score-game>.
- ¹¹ “Fair Share Spending,” Lown Institute Hospitals Index, n.d., <https://lownhospitalsindex.org/2023-fair-share-spending/>; Jessica Y. Chang and Kathryn Martin, “Commercial Inpatient Hospital Price Growth Driven by System Affiliation and Nonprofit-Status Hospitals,” *Health Affairs Scholar* 2, no. 11 (November 2024), <https://pmc.ncbi.nlm.nih.gov/articles/PMC11559425/>.
- ¹² Kavita K. Patel and Kevin A. Schulman, “Policy Options to Reduce Prescription Drug Costs Across Medicare, Medicaid, and Commercial Insurance,” Stanford University Department of Medicine, n.d., <https://medicine.stanford.edu/news/current-news/standard-news/policy-options-white-paper.html>; Congressional Budget Office, “S. 150”; Congressional Budget Office, “S. 142.”
- ¹³ Karan R. Chhabra et al, “Most Patients Undergoing Ground and Air Ambulance Transportation Receive Sizable Out-of-Network Bills,” *Health Affairs* vo. 39 no.5, April 15, 2020, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2019.01484>.

This publication was written by:
Sophia Tripoli, Senior Director, Health Policy, Families USA
Jen Taylor, Senior Director, Government Relations, Families USA
Aaron Plotke, Senior Policy Analyst, Families USA

The following Families USA staff contributed to the preparation of this material
(listed alphabetically):

Alicia Camaliche, Senior Policy Analyst
Nichole Edralin, Associate Director, Design and Publication
Kasey Hampton, Director, Communications
Jane Sheehan, Deputy Senior Director, Government Relations



1225 New York Avenue NW, Suite 800, Washington, DC 20005
202-628-3030 info@familiesusa.org FamiliesUSA.org [facebook / FamiliesUSA](https://www.facebook.com/FamiliesUSA) [twitter / @FamiliesUSA](https://twitter.com/FamiliesUSA)