

September 10, 2024

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Leader Schumer and Leader McConnell,

Ballooning health care prices are putting an increasingly large burden on American businesses and workers. As health care prices rise, so do the costs for employers who provide health insurance to workers and the premiums their employees face, with negative consequences for the broader economy.

Last year alone, the average¹ annual premium for employer-provided insurance increased by 7%, outpacing inflation and wage growth and reaching nearly \$24,000 for family coverage. Rising health care costs have become a growing frustration for employers, large and small. One survey² found top executives at nearly 87% of large employers believe the cost of providing health benefits to employees will become unsustainable in the next five-to-10 years. Small businesses, in particular, are struggling³ with health care costs, and many entrepreneurs report having to make changes to the health care coverage they offer, including in some cases dropping coverage altogether to deal with rising costs.

Hospital prices are a primary driver of rising health care costs for employers and workers. As large health care monopolies purchase hospitals and physician practices and drive out competition, they drive up the prices they charge patients. Over the past several decades, large hospital systems have acquired other hospitals and physician practices to increase their market power. As of 2017, the vast majority (90%) of health care markets were considered “highly concentrated” by FTC standards. These dominant health systems use their market power to prevent competition from lower-priced competitors and demand higher prices from employers and the insurers negotiating on their behalf, raising costs for businesses providing insurance. The higher prices are also passed on to employees and their families as higher health insurance premiums, deductibles, and copays.

¹ KFF. (2018, October 18). 2023 Employer Health Benefits Survey.
<https://www.kff.org/report-section/ehbs-2023-summary-of-findings/>

² KFF. (2021, April 29). Vast Majority of Large Employers Surveyed Say Broader Government Role Will be Necessary to Control Health and Provide Coverage, Survey Finds.
<https://www.kff.org/affordable-care-act/press-release/vast-majority-of-large-employers-surveyed-say-broader-government-role-will-be-necessary-to-control-health-costs-and-provide-coverage-survey-finds/>

³ Small Business Majority. (2024, February 21). Opinion Poll: Small Businesses Struggling with Rising Healthcare Costs, Support Bipartisan Policy Solutions.
<https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

Addressing high health care prices, exacerbated by provider consolidation, is an economic imperative. Health care costs are one of the largest expenses for businesses. Rising health care costs hinder job creation, stifle economic development, reduce tax revenues both at the federal and national levels, and suppress wages. The smallest businesses are especially vulnerable⁴ to escalating health care prices. They spend a disproportionately larger amount on health insurance benefits, affecting their profitability and ability to grow.

Rising hospital prices are also passed on to employees as higher health insurance premiums, deductibles, and copays, and eat into their wages and jobs. Recent research⁵ shows that when hospital prices go up – often following a hospital merger – more people lose their jobs. Low- to middle-income workers earning less than \$100,000 a year are the most likely to wind up unemployed. Another analysis⁶ projects that low- and middle-income workers could lose nearly \$20,000 in wages over the next decade without action to rein in high health care costs.

On behalf of American employers, the [Alliance for Fair Health Pricing \(AFFHP\)](#), a non-partisan group of organizations that represent consumers, patients, businesses, and physicians, we urge Members of the Senate to work together to advance policies that would limit consolidation and its effect on pricing. Some of the most transformative actions that Members can take this legislative year include:

- 1) **Codifying hospital and insurer price transparency requirements to empower consumers, employers, clinicians, and policymakers with essential information regarding health care costs.** Transparency is pivotal in fostering competition and holding hospitals and health systems accountable for fair and reasonable pricing. Following the SCOTUS decision in *Loper Bright*, we believe that the overturning of *Chevron* serves as an additional reason for codification of both price transparency rules.
- 2) **Establishing site of service billing transparency to provide transparency over where patients receive care by requiring unique National Provider Identifiers (NPI).** This will help address the challenge of patients being charged excessively high hospital prices for care that is actually being provided in a lower-cost setting, such as off-site clinics or outpatient departments.
- 3) **Advancing comprehensive site-neutral payment reform.** Eliminating price differences for certain routine services (which can result in patients paying up to four times more) based on where care is delivered can help create a fairer and more affordable system for patients and reduce the incentives for large, consolidated health systems to buy up physician practices to charge higher prices.

The 118th Congress has already taken important steps to address health care costs and now is not the time to falter. The Lower Costs, More Transparency Act, which passed in the House of Representatives

⁴ JPMorganChase.(2024, June 26). The Burden of Health Insurance Premiums on Small Business. <https://www.jpmorganchase.com/institute/all-topics/business-growth-and-entrepreneurship/small-business-health-insurance-burdens>

⁵ Brot-Goldberg, et al. (2024, June). Who Pays for Rising Health Care Prices? Evidence from Hospital Mergers. <https://www.nber.org/papers/w32613>

⁶ Shrider, et al. (2021, September 14). Income and Poverty in the United States: 2020. <https://www.census.gov/library/publications/2021/demo/p60-273.html>

with overwhelming bipartisan support (320 votes) in December presents Congress with an opportunity to make crucial progress in addressing rising health care prices that additional policy reforms to make health care more affordable for consumers, patients, and employers could build upon.

We urge you to take action and include the policies above in your end-of-year legislative package. By doing so, you will play a central role in advancing more affordable and transparent health care prices, lowering health care costs for employers and their employees and families nationwide, and creating a stronger economy.

Sincerely,

American Academy of Family Physicians

Families USA

American Benefits Council

The Leukemia & Lymphoma Society

Arnold Ventures

Purchaser Business Group on Health

The ERISA Industry Committee

Small Business Majority