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## House Ways & Means Health Subcommittee Holds Hearing on Factors Driving Unaffordable Health Care

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On Thursday (March 23), the House Ways & Means Health Subcommittee held a hearing entitled “Why Health Care is Unaffordable: The Fallout of Democrats’ Inflation on Patients and Small Businesses.” The hearing, held on the 13<sup>th</sup> anniversary of the Affordable Care Act’s (ACA) passage, put on display the partisan divide in addressing rising health care costs. During the hearing, Republican members spoke critically of the ACA, the Inflation Reduction Act’s provisions to extend enhanced federal subsidies and the impact on inflation and health care costs. Democrats, meanwhile, spent their time defending the ACA and touting the coverage gains seen under the law.

During the hearing, lawmakers heard from a panel of witnesses featuring small business owners and health policy experts. The small business owners spoke about their struggles to provide affordable health care for employees post-ACA and the policy experts discussed factors, including health care consolidation, that are driving high prices, and ways to ease those pressures.

- For more information: <https://waysandmeans.house.gov/event/health-subcommittee-hearing-on-why-health-care-is-unaffordable-the-fallout-of-democrats-inflation-on-patients-and-small-businesses/>

### Opening statements

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**Ways and Means Health Subcommittee Chair Vern Buchanan (R-FL):** In his statement, Subcommittee Chair Buchanan said the ACA “has accelerated health care costs ... and created an unworkable federal bureaucracy that took away control from patients and their doctors.” He touted Republican-led efforts to curtail the ACA and criticized Democrats’ efforts to “artificially prop up the Obamacare exchanges.” He said, “Instead of just throwing more federal tax dollars at the problem, we need to come up with real reforms to our nation’s health care system - both delivery and coverage of care - and put patients and doctors back in charge of the decision-making, not federal bureaucrats.” Buchanan said there is no single solution to controlling health care costs, but said lawmakers could start by increasing coverage options through association health plans (AHPs) and short-term limited duration insurance plans. [Full Statement](#).

**Ways and Means Health Subcommittee Ranking Member Lloyd Doggett (D-TX):** In his opening statement, ranking member Doggett defended the ACA and celebrated the 13<sup>th</sup> anniversary. Doggett said, “the ACA has been the safety net that has kept so many Americans covered and healthy.” He credited the ACA for providing coverage for Americans during the COVID-19 pandemic and ensuring providers have access to steady payments, helping rural hospitals and providers remain open. He praised recent action in North Carolina to expand Medicaid under the ACA, and criticized Republicans for their continued attacks on the law. He said health care inflation is not tied to the ACA, noting that health care costs have been rising since before the ACA. He said lawmakers need to address rising prices, particularly rising drug prices, and stop attacks on the ACA.

**Ways and Means Committee Chair Jason Smith (R-MO):** In his opening statement, Committee Chair Smith said the Ways and Means Committee’s field hearings have revealed that small businesses are struggling to attract and retain workers, in part due to rising health insurance costs. “While the rising cost of health care has been a challenge for many years, we also know that higher inflation today has also driven up costs. ... In today’s hearing

and in future hearings - including field hearings - we will examine the many factors driving the unaffordability of health care and what can be done to expand care to communities who today see hospitals and clinics closing because they cannot afford to keep the lights on," Smith said. [Full Statement](#).

## Witness testimony

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**Kelly Moore, Owner, NAPA Auto Parts.** Ms. Moore, who runs a small business, said one of the biggest challenges facing small businesses is rising health care costs and retaining valued employees. Ms Moore said that prior to the ACA her company "offered health insurance" to employees and dependents "and paid 80% of the premium." However, she said, "every year after the enactment of the ACA, my insurance premiums increased by double digits." Ultimately, she said her company had to stop offering health insurance benefits due to the cost. Under the Trump administration, Ms. Moore said she was able to offer an association health plan (AHP) but without that ability and the Small Business Deduction her company would not be able to offer benefits. "For small employers like me, navigating the highly opaque and complex system is incredibly burdensome, requiring hours of research often times with no real transparency," Ms. Moore said. "It is equally burdensome for my employees to navigate the system when looking for coverage on their own." [Full Testimony](#).

**Matt Niswander, Owner and Nurse Practitioner, Niswander Family Medicine.** Mr. Niswander, who is a first generation cattleman and owns a family medical practice, said when he looked into providing health insurance for his nine employees he discovered it would cost \$34,000 a year for a plan with a \$350 monthly premium and a \$12,000 deductible. "Here I am running a medical practice and I cannot even offer medical benefits to my employees because of the cost," he said. Mr. Niswander also said that he struggles with rising supply costs and flat insurance reimbursements at the same time his patients are delaying care or having to travel further to access care in rural areas. "Rural America is increasingly becoming a desert for medicine," he warned. [Full Testimony](#).

**Brian Blase, President, Paragon Health Institute.** Mr. Blase, who worked on the House Committee on Oversight and Government Reform from 2011 through 2014, said the problem with health care costs is "there is too much federal government in health care." Blase urged the committee to keep two principles in mind when it is considering policy to address rising health care costs: First, "policy changes always come with unintended outcomes," and second, "when the government subsidizes something it becomes more expensive." Blase said the federal government should ensure consumers have coverage options through AHPs and individual coverage health reimbursement accounts (IHRAs); greater access to data through price transparency rules; and give consumers more control over their spending through health savings accounts. [Full Testimony](#).

**Karen Kerrigan, President & CEO, Small Business & Entrepreneurship Council.** Ms. Kerrigan, who represents small businesses, said the committee should explore how high health care costs are impacting small businesses. She said that inflation is a top concern among small businesses and higher health coverage costs are adding to the pressures those businesses face. She encouraged committee members to consider health care tax credits that benefit small businesses and self-employed individuals; expand HSAs and flexible savings accounts, as well as qualified small employer HRAs and IHRAs. "SBE Council believes there are reform approaches that can be embraced on a bipartisan basis," she said. [Full Testimony](#).

**Patricia Kelmar, Senior Director of Health Care Campaigns, U.S. Public Interest Research Group.** Ms. Kelmar shared the story of new parents who despite having health insurance were hit with a \$7,000 ambulance bill after their newborn was transferred to a children's hospital for lifesaving care. Ms. Kelmar said the ACA expanded health insurance, which allows more people to access health care. But that health care is now unaffordable due to rising prescription drug and hospital prices. She said, "The best way to address affordability is to address prices,"

and noted that hospital consolidation and private equity are driving up costs, while the pharmaceutical industry is increasing prescription drug prices. [Full Testimony](#).

## Q&A

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**Subcommittee Chair Buchanan** spoke about the challenges small businesses face in the wake of the ACA, including issues meeting payroll and paying health care costs.

**Ranking Member Doggett** asked whether health care prices were soaring before the ACA. Ms. Kelmar said yes and encouraged lawmakers to address the price issue and drug price inflation, suggesting they could bolster generic and biosimilar drug competition in the marketplace.

**Committee Chair Smith** spoke critically about the ACA and the role it played in driving up inflation and health care costs for all insured patients.

**Rep. Mike Thompson (D-CA)** spoke against Republican proposals to expand ICHRAs and touted the ACA's mental health coverage expansion and recent legislative efforts to lower prescription drug costs. When asked how expanding telehealth would impact access and affordability, Ms. Kerrigan said it can play a big role in driving down costs, increasing access and making the system more efficient.

**Rep. Mike Kelly (R-PA)** asked about inflation, supply chain disruptions and health care affordability. In response, Mr. Niswander said the problem is not just affordable health care, but it's also access. He said that patients with Medicaid must travel to find a provider who accepts their coverage.

**Rep. Brian Higgins (D-NY)** spoke critically about health insurers' role in unaffordability and how prior to the ACA an insurer could deny someone insurance based on a pre-existing condition. Rep. Higgins said that if Congress could work in a bipartisan way they could create a better program than the ACA. "We're not defending the perfect here. ... We still have a long way to go," he said.

**Rep. Brad Wenstrup (R-OH)** described differences between his Republican and Democratic colleagues, saying Republicans "don't want the government in-between the doctor and the patient" and that he wants "fewer people to need Medicaid, not more people on it." Rep. Wenstrup spoke critically about the implementation of the No Surprises Act's independent dispute resolution process and said Congress must do more to address administrative burdens.

**Rep. Dwight Evans (D-PA)** spoke positively of the ACA and its coverage expansions. "It is not perfect," he said, "but it is better." He said now lawmakers should be asking how to build on it, and not how to repeal it.

**Rep. Greg Murphy (R-NC)** said health care consolidation is driving higher prices. He added that while the ACA included some good provisions, it has crippled the medical field.

**Rep. Kevin Hern (R-OK)**, who chaired the Republican Health Futures Task Force's Subcommittee on Affordability, said that little work has been done in recent years to help Americans with employer-sponsored coverage and shared a list of reforms the committee should consider: Make health care more affordable through ICHRAs, make health savings accounts accessible to more people, reduce the ACA paperwork burden on small businesses, and allow businesses to join together to form AHPs. Blase said he supported policies that give people options to choose their own affordable coverage. Rep. Hern also asked about the impact on the employer market if subsidy expansions are made permanent, citing Congressional Budget Office estimates that 2.3 million employees could lose their job-based coverage. Blase said it could be more than that because the policy provides employers an incentive to drop coverage.

**Rep. Danny Davis (D-IL)** said Illinois residents are better off because of the ACA and asked how ACA repeal would impact mental health and the overall economy.

**Rep. Carol Miller (R-WV)** asked Ms. Moore how she approached the decision to cut insurance benefits for employees to which Ms. Moore described it as an emotional decision. When asked if high health care costs keep patients from treatment, Mr. Niswander said he had a diabetes patient delay care and insulin due to costs and ended up in the hospital, which may eventually result in amputation.

**Rep. Brian Fitzpatrick (R-PA)** said the cost of providing employees coverage has risen considerably and premium increases are not translating into greater financial stability. Mr. Blase said growing consolidation in the health care sector, which ramped up after the ACA, and government mandates and subsidies for health insurance are driving up health care costs. Ms. Kelmer also raised concern with the lack of quality data and the fee-for-service systems incentive to drive up volume and insurance costs.

**Rep. Don Beyer (D-VA)** outlined policy ideas to improve health care costs: increase price transparency via all-payer claims databases and reduce diagnostic errors. He also spoke positively about the ACA's provisions to support reproductive health care and reduce the uninsured rate.

**Rep. Claudia Tenney (R-NY)** said health insurance no longer guarantees health care affordability. "You may have an insurance card, but you can't afford to go to the doctor," she said, adding that more businesses today are going under due to health care costs. In response to a question on inflation, Mr. Blase said health care inflation is likely to continue without reforms, noting that Medicare and Medicaid are facing fiscal challenges.

**Rep. Blake Moore (R-UT)** said his constituents are "paying more and getting less" for their health insurance. He asked Mr. Blase how price transparency and quality transparency can help address costs. Mr. Blase said people and employers benefit when they know the prices of services and that quality should be factored into patients' decision making when choosing a doctor.

**Rep. Michelle Steel (R-CA)** said she plans to re-introduce her bill to make permanent a CARES Act provision that allows employers to offer telehealth before the deductible for workers with High Deductible Health Plans paired with a Health Savings Account.

**Rep. Terri Sewell (D-AL)** spoke positively about the ACA and expressed frustrations that in the US there is no guarantee of health care.

*If you have questions, please contact [Heather Meade](#) or [Heather Bell](#).*

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