STATEMENT FOR THE RECORD BY

THE ERISA INDUSTRY COMMITTEE

TO THE U.S. HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON ENERGY AND COMMERCE
HEALTH SUBCOMMITTEE

"LOWERING HEATLH CARE COSTS FOR ALL AMERICANS: AN EXAMINATION OF THE U.S. PROVIDER LANDSCAPE"

March 18, 2026

Chairman Griffith, Ranking Member DeGette, and members of the Subcommittee, thank you for the opportunity to submit this statement for the record on behalf of The ERISA Industry Committee (ERIC) for the hearing entitled *"Lowering Health Care Costs for All Americans: An Examination of the U.S. Provider Landscape,"* the third hearing in the health care affordability series. We appreciate the Committee's attention to the role providers have in driving rising health care costs, particularly for employers and working families. We look forward to supporting your efforts to advance solutions that make high-quality health care more affordable and accessible for all Americans.

ERIC is a national advocacy organization that exclusively represents the largest employers in the United States in their capacity as sponsors of employee benefit plans for their nationwide workforces. Our member companies are leaders across every major sector of the economy, and ERIC serves as the voice of large employer plan sponsors on federal, state, and local public policies that affect their ability to offer and maintain employee benefit plans. ERIC member companies provide benefits to tens of millions of employees and their families in every state, city, and congressional district.

Members of this Committee—and your constituents—interact with ERIC member companies every day. Whether driving a car or filling it with gas, using a cell phone or computer, visiting a bank or hotel, flying on an airplane, watching television, supporting our national defense, shopping, sending or receiving a package, dining at a restaurant, or enjoying a soft drink, Americans regularly engage with companies that are part of ERIC's membership.

Rising health care costs in the United States continue to place significant financial strain on both employers and their employees. Surveys and industry analyses show that employers are bracing for substantial cost increases this plan year, with projected increases ranging from six to nine percent.[1] At the same time, premiums for family coverage now average approximately $27,000 per year, reflecting roughly a six percent increase in 2025.[2]

[1] Mercer, Employers are bracing for the highest health benefit cost increase in 15 years, a projected 6.5% increase in 2026, September 4, 2025,
[2] KFF, 2025 Employer Health Benefits Survey, October 22, 2025.

These rising costs are forcing many employers to consider shifting more expenses to employees through higher cost-sharing, deductibles, or premium payroll contributions. Such changes would have profound consequences for the more than 160 million Americans who receive health insurance through their employer.[3]

Large self-insured employers already bear the majority of health care costs for their employees, typically covering roughly 75 to 80 percent of overall expenses. Unless Congress takes affirmative action to address market consolidation and anticompetitive practices within the health care system, employers and working families will continue to face the consequences of rising prices, including delayed care, worsening chronic conditions, limited provider choice, and costly hospitalizations.

ERIC member companies provide health benefits not only to attract and retain employees, but also to support employee well-being and provide financial security. Across the country, our members invest in their employees and communities by improving access to care and driving innovation in health benefits. These efforts include a broad array of approaches, including expanding the use of digital health tools, establishing onsite clinics, and implementing direct primary care arrangements. Employers also develop value-based and coordinated care programs, offer employee wellness initiatives, and deploy transparency tools and other innovations designed to improve quality and value while helping to mitigate rising health care costs.

Provider Consolidation and Unfair Pricing Practices

Hospital pricing remains a primary driver of rising health care costs for employers and workers. As large health systems acquire hospitals and physician practices, they eliminate competition and increase the prices charged to patients and purchasers of care.

Over the past several decades, hospital systems have significantly expanded their market power through acquisitions and consolidation. By 2017, approximately 90 percent of health care markets were considered "highly concentrated".[4] Dominant health systems frequently use their market power to block lower-priced competitors and demand higher reimbursement rates from employers and insurers negotiating on their behalf.

Provider consolidation continues to accelerate, including the widespread acquisition of physician practices by hospital systems. This consolidation enables providers to command higher prices and exert increased pressure in contract negotiations. ERIC member companies are experiencing these pressures firsthand, including wide variations in payment rates for identical services depending solely on the site of care.

[3] KFF's analysis of data from the 2023 American Community Survey included in KFF's 2025 Employer Health Benefits Survey published October 22, 2025. See KFF. Health insurance coverage of the population ages 0–64 [Internet]. San Francisco (CA): KFF; [cited 2025 Sep 15]. [Time frame: 2023].
[4] Fulton, Brent D. "Health Care Market Concentration Trends in the United States: Evidence and Policy Responses." *The Commonwealth Fund*, 6 Sept. 2017,

ERIC issued a policy brief, *Beyond Cost Shifting: Market Power as the Key Driver of Hospital Prices*, which examines the primary drivers of hospital pricing in employer-sponsored insurance markets.[5] Research conducted by Charm Economics finds that hospital prices are not primarily driven by cost shifting from underpayments in federal programs. Instead, market dynamics, particularly provider consolidation, employer bargaining power, and regional pricing patterns, play a much larger role in determining the rates employers ultimately pay.

Allowing these market failures to persist unchecked threatens the affordability of employer-sponsored coverage. Action is needed to preserve competitive markets in health care and prevent costs from continuing to rise for employers and working families. **The Subcommittee can take several important steps to discourage consolidation and unfair pricing practices, including expanding site-neutral payment policies, strengthening transparency and accountability, and promoting fairness in contracting practices.**

Site-Neutral Payments

Provider consolidation has contributed to problematic billing practices. Hospitals increasingly reclassify physician offices they own as hospital facilities in order to charge higher rates for the same goods and services, and to take on large "facility fees" despite services not taking place on an actual hospital campus. Congress has addressed a narrow subset of this problem, in the Medicare program, in *the Consolidated Appropriations Act of 2026* (CAA 26). ERIC appreciates all the work Congress did in requiring hospital outpatient facilities to use a unique National Patient Identifier (NPI) for off-campus hospital outpatient departments when billing Medicare. However, broader site-neutral reforms are necessary. Congress should extend site-neutral payment policies to additional services and facilities to fully address the distortions created by differential payment structures. Reforms implemented in the Medicare program can serve as an important catalyst for similar policies in the private sector, helping to curb unnecessary spending and restore fairness in health care pricing.

Transparency and Accountability Reforms

ERIC member companies believe that transparency is essential to reducing health care costs and improving the quality of care. Employer health care spending continues to rise at an unsustainable rate, and greater transparency is necessary to foster competition, improve value, and enhance quality and patient safety.

ERIC applauds the House's work on the *Lower Costs, More Transparency Act* (LCMT, H.R. 5378 – 118th Congress) as an important step toward improving health care transparency. Too many hospitals still fail to meaningfully comply with Department of Health and Human Services (HHS) regulations requiring the public disclosure of standard charges, including negotiated rates. The legislation would codify the requirement that hospitals publicly post negotiated prices for health care items and services in a machine-readable format, and would strengthen compliance and enforcement. In addition, the legislation strengthens group health plan Transparency in Coverage requirements and improves access to critical data for plan sponsors. Access to timely and accurate information allows employers to design better benefits and manage costs more effectively on behalf of their employees.

[5] Beyond Cost Shifting: Market Power as the Key Driver of Hospital Prices. ERIC, May 2025

ERIC also supports the *Patients Deserve Price Tags Act* (H.R. 5582), led by Committee member Congressman John James (R-MI), which provides clear statutory authority requiring hospitals and health plans to disclose key pricing information. Under this legislation, hospitals must publish their standard charges, including negotiated rates with insurers, cash-pay discounts, and billing codes, and disclose the costs of services that can be scheduled in advance. Health plans must similarly disclose in-network and out-of-network charges for covered items and services, as well as negotiated prices for prescription drugs. These transparency requirements will lead to a better understanding of the costs associated with care for employers and their workers, empowering them to require competitive prices for high-quality care. The more accurate, comprehensive, accessible, and up-to-date this information is when shared with employer-sponsored health plans, the more effectively plan sponsors can comply with existing regulations while improving affordability and quality for millions of workers and their families.

Fairness in Contracting

Provider market power is increasingly reflected in unfair contracting practices that raise costs while limiting competition and choice. The Subcommittee should advance the bipartisan *Healthy Competition for Better Care Act* (H.R. 6248), led by Budget Committee Chairman Jodey Arrington (R-TX) with Committee member Congressman Rick Allen (R-GA) as an original cosponsor. This legislation would improve fairness in contracting by allowing employers and insurers to provide incentives for enrollees to choose high-quality, lower-cost providers. It would also prevent hospitals and health systems from forcing insurers and employers to contract with all affiliated facilities as a condition of participating in a network. These reforms would enable plan sponsors to design provider networks that maximize value for patients and exclude sites of care with inflated prices or poor quality—creating truly value-driven benefits for plan beneficiaries.

Conclusion

Thank you for the opportunity to share ERIC's views with the Subcommittee. ERIC remains committed to working with Congress to advance policies that improve health care access, affordability, quality, transparency, and patient safety. We believe the policy recommendations outlined above can help address key drivers of rising costs while strengthening the employer-sponsored health system that serves over 160 million American workers and their families.

We look forward to continuing to work with the Subcommittee to develop and enact meaningful reforms.