



Chairman's Opening Remarks October 22nd Hearing

"The U.S. Senate Special Committee on Aging will now come to order.

Free-market capitalism has helped make the United States the envy of the world. It has helped spur innovation, keep costs down, and give consumers options, empowering them to shop around and find what works best for them.

When you shop around, you think about price, quality, and value, and the free market allows you to find the option that best suits your needs and your budget.

But for too long, Americans have been robbed of the ability to make informed choices in health care because they don't have the information they need.

Our country has allowed the U.S. health care system to operate in the shadows, without price transparency or true consumer choice, and the result is a complicated system of inflated prices shrouded in secrecy that forces Americans to ask the wrong questions.

Instead of asking: Is this the best doctor for my needs, we ask: Is this doctor in my network? Instead of asking if the cost of the surgery or medicine could be more affordable or better quality elsewhere, we ask: How much is the copay?

Trying to navigate the bureaucracy to get answers to health care costs and pricing can be incredibly intimidating, especially for vulnerable populations, like many in our aging community.

With health care, emergencies happen, and we don't always have time to research and shop around for our best option. But for a huge section of our health care needs there is clearly a better way to operate, for everyone from patients to doctors.

What I'm talking about are known as 'shoppable services,' and they include elective surgeries, lab tests, prescription drugs, and more. These kinds of health care services make up roughly 40% of all health care costs, and there is significant potential to

introduce consumer driven, free market reforms, like price transparency, into this space to help drive down health care costs for all Americans, including our aging population.

We know some sites and pharmacies charge more than others for these exact same shoppable services. For example, hospitals charge more than ambulatory surgical centers.

In Medicare, we try to address this problem through Site Neutral Payment Reform, but in the commercial insurance space, things can get complex.

That's because, in the current commercial marketplace, it's up to every insurer to reach a cost arrangement with health care providers. Those agreements have different reimbursement rates, and those differences get passed onto consumers at different rates.

Because of these agreements, the cost differences are not always tied to quality. Meaning two patients could be receiving the same treatment, but one could be paying significantly more because of the cost agreement made behind closed doors and they can actually get a completely different quality and service, not tied to price at all.

For example, MRIs are essentially fancy cameras that take life-saving pictures. Do you have a digital camera or do you have a phone? Yet, there is a wide disparity in pricing and cost passed onto the patient depending on their insurance provider.

Lab tests are the same. The cost of a test can vary widely by providers, but you're receiving the same quality lab result no matter what you or your insurance provider is paying.

Even for generic drugs, which make up 90% of the drugs dispensed at a pharmacy, there typically isn't upfront price transparency for consumers to price shop. That makes no sense.

Now, I'd typically quote more specific pricing examples, but providers don't like to publicly list their prices and rely on hiding the actual cost of the services they're providing.

Not only does this secrecy make it difficult for consumers to make smart, market-driven choices, it allows prices to inflate and drives up costs for everyone.

Price transparency is not a partisan concept; it's common sense. When patients can see prices, they can make informed choices. When providers compete on price and quality, costs go down.

Because we don't operate this way right now, there is too much inflated pricing in the health care system. And that's true whether you're in New York or you're in Florida. The current system simply does not incentivize people to seek lower cost options.

Health care doesn't have to be any more complicated than a lot of things. I spent most of my life in business, and I've run one of America's largest health care companies in the world. I learned pretty quickly that when you make things simple, give people price transparency, and focus on outcomes and quality, the result is lower costs, healthier patients, and a better system for everybody.

Today, we are going to hear from witnesses who have put what I just said into action, and I look forward to hearing how they are working to provide service for our aging population and all Americans.

I'm also eager to hear their thoughts on how we can work to empower patients to make decisions and reduce some of the inflated costs in our health care system.

I hope today's hearing will be the start of a discussion on how price transparency and competition can drive down costs and improve quality care for all Americans, but especially our aging population."

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