



**WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. SENATE
COMMITTEE ON AGING**

**"HEALTH CARE TRANSPARENCY: LOWERING COSTS AND EMPOWERING
PATIENTS"**

July 19, 2024

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Dear Chair Casey, Ranking Member Braun, and members of the Senate Committee on Aging:

As a leading representative and advocate on behalf of America's 33 million small businesses, Small Business Majority is pleased to provide written testimony to the Senate Committee on Aging in response to the recent hearing on the importance of increasing transparency in the healthcare industry, because increased transparency will ultimately give small businesses the ability to provide affordable healthcare options for their employees.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. From our nine offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs & advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research & deep connections with the small business community that enable us to educate stakeholders about key issues impacting America's entrepreneurs, with a special focus on the smallest businesses and those facing systemic inequities.

Rising healthcare costs are impacting small businesses' ability to provide affordable, quality healthcare to their employees

Access to affordable, quality healthcare is critical for every American, but obtaining this coverage is extremely difficult for many small businesses. According to the latest available data from the U.S. Bureau of Labor Statistics, over 47% of workers received healthcare benefits through their employer, though many of these covered individuals are more likely to obtain this through a large employer.¹ Small employers make up nearly half of the nation's private workforce, yet they continue to struggle to provide affordable healthcare coverage to their employees. A recent Small Business Majority poll found that most small business owners who offer health coverage to their employees reported that the cost of either insurance premiums (78%), deductibles (57%), copays (60%), prescription drug copays (60%) and hospital visits (59%) have risen over the past few years.² This data underscores that even though small businesses maintain a significant presence in the American economy, and despite their willingness to provide quality benefits, the current healthcare coverage landscape has become too costly for small innovators to keep up.

As prices continue to increase across the board, small business owners are left to make difficult decisions regarding their ability to continue providing healthcare coverage to their employees. Employers who have seen healthcare costs increase were most likely to respond by increasing employee contributions to health

¹ "Coverage in employer medical care plans among workers in different wage groups in 2022," U.S. Bureau of Labor Statistics, March 2023, <https://www.bls.gov/opub/ted/2023/coverage-in-employer-medical-care-plans-among-workers-in-different-wage-groups-in-2022.htm>

² "Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions," Small Business Majority, February 2024, <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

plans (51%), moving to an insurance plan offering more limited coverage (47%) and cutting other employee benefits (29%). Notably, nearly one-quarter (24%) of these small businesses dropped health coverage altogether, underscoring an urgent need for reform. Some small businesses indicated that they had to increase prices on goods and services (21%) and even eliminate or reduce wage increases (4%) to make up for the increasing share of their budget going toward healthcare. These decisions can be crippling for small businesses and their ability to attract and retain a quality workforce, which is paramount to the success and growth of a business long-term. Meanwhile, larger employers often offer more affordable and higher-quality healthcare coverage to their employees, simply because they can afford it. Small businesses, most of which employ 10 or fewer employees including the owner, don't have the capital or resources necessary to create affordable healthcare options for their workers. This challenge is exacerbated further for burgeoning entrepreneurs, erecting barriers to entrepreneurship for fear of losing coverage or not being able to provide coverage for employees.

Increasing consolidation and a lack of price and data transparency have led to skyrocketing healthcare costs

While there are many factors impacting the high cost of healthcare, the rise in healthcare consolidation continues to impose grave impacts on both the overall costs of healthcare and the quality-of-care patients are receiving (this applies to all employers). Research from the *New England Journal of Medicine* finds that hospital acquisition by another hospital system was associated with worse patient experiences and no improvement in readmission or mortality rates.³ On the contrary, increased competition in the hospital industry has been linked to better patient outcomes and a lower cost of care.

As hospital networks grow through mergers and acquisitions, their leverage over providers and insurance companies increases. This allows hospitals to negotiate higher prices and force insurance providers to include certain high-cost providers in their network.⁴ For example, when hospital chains contract with insurance companies, they often require the insurer to work with a majority, if not all, of the hospitals in their system. With growing rates of consolidation within hospital networks, insurance companies are left with little choice but to work with large hospital chains and comply with their reimbursement rates and service costs. This often leads to increases in premium costs and ultimately impacts small businesses and their employees who are left to pick up the bill.

Price and data transparency are critical tools when fostering a competitive healthcare market in which employers and employees alike can better understand the cost of healthcare services by providing individuals and businesses with more transparent healthcare options. The lack of price and data transparency writ large has further impacted small businesses' ability to purchase affordable healthcare coverage for their employees. Small businesses, especially those with no designated HR or employee benefits representative, struggle to gain access to plan claims data, which limits their ability to negotiate prices on behalf of their employees.

Increasing transparency in healthcare markets is critical in increasing the availability of affordable, high-quality healthcare for small businesses

Healthcare prices in the United States have spiraled out of control, limiting coverage options for millions of Americans and further hindering small businesses' ability to attract and retain the workforce necessary to stay competitive in today's economy. To increase the affordability of healthcare coverage, our data shows that 96% of small business owners agree that healthcare providers should be required to publicly post the prices they charge for services and 75% agree that the federal government should have greater authority to block healthcare mergers and acquisitions. Not only will this work to foster better access to

³ "Changes in Quality of Care after Hospital Mergers and Acquisitions," *The New England Journal of Medicine*, January 2020, <https://www.nejm.org/doi/10.1056/NEJMsa1901383>

⁴ "Department of Justice, Department of Health and Human Services, and the Federal Trade Commission Request for Information on Consolidation in Health Care; Docket No. ATR 102 (3/5/2024)," Small Business Majority, May 2024, <https://smallbusinessmajority.org/policy/small-business-majority-submits-rfi-response-impacts-consolidation-healthcare-industry>

coverage through health plans, but this will enable more uncovered individuals (a majority of which work for a small business or are entrepreneurs) to know what the cost of their care will be up-front, helping them make better-informed decisions about their options for seeking care. It is important to consider the impact on individuals who may not have coverage, who are paying out of pocket. In many cases, a single ambulance ride or minor procedure can result in thousands of dollars of medical debt for entrepreneurs and their employees alike.

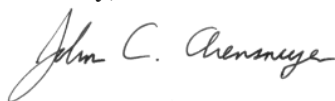
Access to data and effective price transparency policies remain paramount to ensuring consumers and employers have access to the necessary information needed to make informed decisions about their healthcare coverage. For example, in 2022, the Department of Health and Human Services (HHS) released data on mergers, acquisitions, consolidations and changes of ownership from 2016-2022 for hospitals and nursing homes enrolled in Medicare.⁵ With increased access to up-to-date data on ownership, acquisitions and mergers, HHS and the Federal Trade Commission (FTC) can better evaluate proposed hospital mergers to identify problematic trends or data points that could lead to poorer quality of care and increased costs for consumers. Consumers should know the vested interests of their healthcare providers, and with recent increases in private equity investments, it is more important than ever before to understand the ownership structures of the hospitals and other providers. We encourage Congress and the Administration to develop ownership reporting guidelines for hospitals, clinics and other healthcare facilities to hold investors accountable.

Congress has taken steps to improve price transparency and consumer choice within the healthcare system. Last year, the U.S. House of Representatives passed the Lower Costs, More Transparency Act (H.R. 5378), which would require hospitals, insurance companies, labs, imaging providers and ambulatory surgical centers to publicly list prices of care and services available to consumers.⁶ We are encouraged by this action, and while we urge the Senate to follow suit, we will continue to work with the Administration to pull all available levers to hold the healthcare industry accountable to patients and small businesses alike. Transparent markets are stronger markets, and without transparency requirements, we are unable to address anti-competitive practices within the healthcare sector.

Lastly, Small Business Majority urges Congress to ensure that the FTC and the Department of Justice Antitrust Division have the resources they need to continue enforcing federal antitrust laws regarding mergers and private equity acquisitions within the healthcare industry. Congress should evaluate the impacts of anti-competitive hospital contracting prices and consider proposals to develop contract guidelines for hospitals and insurance companies to adhere to limit the market power of hospital networks.

We are glad to see Congress continue to engage in discussions around the critical role price and data transparency play in fostering greater access to affordable healthcare for small businesses and their employees. Should you have any questions or would like to discuss our feedback further, please contact our Government Affairs Director, Alexis D'Amato at adamato@smallbusinessmajority.org or (202) 967-0995.

Sincerely,



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Founder & CEO, Small Business Majority

⁵ "HHS Releases New Data and Report on Hospital and Nursing Home Ownership," U.S. Department of Health and Human Services, April 2022, <https://www.hhs.gov/about/news/2022/04/20/hhs-releases-new-data-and-report-hospital-and-nursing-home-ownership.html>

⁶ "H.R.5378 - Lower Costs, More Transparency Act," Rep. Cathy McMorris Rodgers, September 2023, <https://www.congress.gov/bill/118th-congress/house-bill/5378>