



U.S. House of Representatives
COMMITTEE ON THE BUDGET
Washington, DC 20515

October 9, 2020

Dr. Phillip Swagel
Director
Congressional Budget Office
402 Ford House Office Building
Washington, DC 20515

Dear Dr. Swagel:

Every American should have the right to quality, affordable health care. But today, too many Americans are forced to choose between putting food on the table and paying their health care bills. The Affordable Care Act extended free or subsidized coverage to 20 million Americans and provided important consumer protections to millions more, but many American families are still struggling with the financial burden of rising health care costs. Clearly, there is more work to be done.

Rising health care costs also have important implications for the federal budget and the economy more broadly. The United States spends more on health care per capita than any other nation – totaling nearly \$4 trillion in 2019 – but still ranks poorly on many health outcomes compared to other high-income countries. The U.S. federal government spent approximately \$1.2 trillion on health care in 2019, a number that rises to over \$1.4 trillion when health-related tax expenditures are included. These numbers are expected to grow substantially in the coming decades. In addition, rising health insurance premiums and high deductibles and out-of-pocket costs continue to put pressure on employers' bottom lines and family budgets – a particular challenge during the COVID-19 pandemic and resulting recession.

We know that our country and our economy are both stronger and healthier when every American has access to quality, affordable health care. To make this a reality, we must work to reduce the burden of rising health care costs. To that end, I request the Congressional Budget Office prepare a report on health care spending, including answers to the following questions:

- What are the major drivers of increases in health care spending in the U.S.?
- How do prices paid by private insurers affect federal subsidies for health care? How do prices paid by private insurers affect a) wages and b) the amount that patients pay for insurance premiums and out-of-pocket costs?

- How do prices paid by private insurers compare to prices paid by Medicare for inpatient and outpatient care? How do prices paid by private insurers compare to the costs of delivering those services? Does that vary by type of provider and specialty?
- Why is there variation in the price of inpatient and outpatient health care services paid across payers? Why is there variation in the price of services within and across geographic areas?
- What factors contribute to discrepancies between prices and costs? To what extent do provider consolidation (including the role of private equity acquisitions) and administrative costs affect prices?
- What mechanisms exist in the private insurance market and Medicare to hold down growth in health care spending?

The staff contact for this request is Emily King, who can be reached at 202-226-7200.

Sincerely,

John A. Yarmuth
Chairman