Written Testimony of

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"Lowering Health Care Costs for All Americans: An Examination of Health Insurance Affordability"

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SUMMARY OF KEY POINTS

Health Care Costs Are Rising Faster Than the Economy
Health care affordability challenges reflect system-wide cost growth, not failures of any single program or payer. U.S. health care spending reached $5.3 trillion in 2024, growing 7.2% year over year and now representing roughly 18% of GDP. The primary drivers are higher utilization and intensity of care, particularly in hospital services, physician services, and prescription drugs. These underlying costs directly translate into higher premiums, deductibles, and taxpayer spending across commercial coverage, Medicare, and Medicaid.

Insurance Premiums Reflect Medical Costs and Utilization of Services
Premiums are based on expected medical spending and serve as financial protection against catastrophic costs, not prepayment for routine care. Federal medical loss ratio requirements ensure accountability: insurers must spend 80–85% of premium dollars on medical care and quality improvement or return funds to consumers. Sustainable affordability therefore depends on lowering the cost of care itself, not simply reallocating costs within the system.

Commitment to Improving Health Outcomes
Paying for outcomes rather than volume is one of the most effective tools available to policymakers. Elevance Health's experience shows that aligned incentives can reduce costs while improving care:

- Medicaid maternity initiatives improved birth outcomes and reduced avoidable complications.
- Cancer care programs reduced hospitalizations by more than 60% for certain patients.
- Behavioral health and substance use disorder programs lowered avoidable inpatient admissions by over one-third.

Commitment to Supporting Healthcare Providers
Administrative burden, unnecessary prior authorization, and inefficient processes increase costs for patients, providers, and taxpayers. Elevance Health has:

- Removed prior authorization requirements for 400+ services since January 1, 2024.
- Expanded electronic prior authorization and automation to reduce delays and paperwork.
- Improved data sharing with providers, significantly reducing denials tied to missing information.

Policy Recommendations

- Address hospital pricing practices, including site-of-care differentials.
- Fix misuse of the No Surprises Act IDR process, where case volumes have far exceeded expectations and are contributing to upward cost pressure.
- Promote competition and value in prescription drugs, including transparency and price negotiation tied to clinical value.
- Maintain stable, predictable policies in Medicare Advantage and Medicaid to protect access and encourage long-term investment in quality and prevention.

Conclusion: Health care affordability is both a budgetary and moral imperative. Rising costs are driven by utilization, prices, and complexity across the system. No single policy will solve the problem, but targeted, bipartisan reforms—focused on underlying cost drivers, value-based care, administrative simplification, and market stability—can deliver meaningful relief for families, employers, and taxpayers.

WRITTEN TESTIMONY

Thank you, Chairmen Griffith and Guthrie, Ranking Members DeGette and Pallone, and Members of the Committee. My name is Gail Boudreaux, and I am President and Chief Executive Officer of Elevance Health. Elevance Health is a health insurance provider that delivers health care coverage to people and families across the country, and our affiliated plans have served communities for nearly 80 years.

I appreciate the opportunity to submit this written testimony for the record and to address the issue at the center of today's hearing: health care affordability. Families across the country are frustrated by rising premiums, deductibles, and out-of-pocket costs, and they are right to expect accountability and solutions. As a health insurance provider, we have a responsibility to help keep coverage dependable and within reach, while working with care providers, employers, and policymakers to address the underlying drivers of health care costs.

The National Context: Why Health Care Costs Keep Rising

Health care affordability challenges are not isolated to any single program, payer, or part of the system. According to the Centers for Medicare & Medicaid Services, U.S. health care spending reached $5.3 trillion in 2024, growing 7.2 percent for the second consecutive year and continuing to outpace overall economic growth. Health care spending now accounts for ~18 percent of the U.S. economy.

This growth has been broad-based and persistent. Over the past two years, health care spending growth has remained above 7 percent annually, a pace significantly faster than in the years immediately preceding the pandemic. Importantly, CMS data show that much of this growth reflects more services delivered and the intensity of care provided, rather than by general inflation alone.

Hospital care, physician and clinical services, and prescription drugs have been the largest contributors. Hospital spending grew nearly 9 percent in 2024. Physician and clinical services spending increased more than 8 percent. Prescription drug spending also continued to rise, increasing nearly 8 percent.

These trends affect every part of the health care system. They place pressure on household budgets, employer-sponsored coverage, and public programs alike. When the prices charged for care and

prescription drugs rise—and when more services are delivered—those costs flow through to premiums, deductibles, and other out-of-pocket expenses. Premium rates are based on expected medical costs, and sustained affordability depends on addressing these underlying drivers across the system.

Elevance Health's Responsibility to Support Affordability

At Elevance Health, our purpose is to improve the health of humanity, with a focus on whole health—physical health, behavioral health, and the broader factors that influence well-being. That purpose carries a responsibility. Our job is to help keep coverage within reach and dependable, and to ensure it provides real protection when people face serious illness or injury.

A premium is not a prepayment for routine doctor visits. It is based on expected medical costs and how much care people are expected to need, and it serves as protection against large, unexpected medical bills that could otherwise be financially devastating. People deserve peace of mind that their coverage will be there when it matters most. Federal rules also provide guardrails: in the individual and small group markets, health plans must spend at least 80% of premium dollars on medical care and improving quality; in the large group market, at least 85%. If they do not, they must return the difference to consumers.

Fulfilling that responsibility means acting on affordability, not just describing the problem. It also means being transparent and easy to understand, so people know what to expect and where to turn for help. It requires working with care providers, employers, policymakers, and other stakeholders to reduce overall medical costs, improve health outcomes, and simplify how people experience health care.

Paying for Better Care and Better Outcomes

One of the most important ways to improve affordability is to pay for high-quality care that keeps people healthy, rather than rewarding volume alone. When incentives are aligned around outcomes, safety, and prevention, people receive better care and avoid unnecessary complications that drive costs higher over time.

Across our markets, Elevance Health works closely with care providers to support these approaches. Through partnerships with obstetric care providers in Medicaid, for example, Elevance Health-affiliated plans have helped improve birth outcomes while lowering costs by pairing clinical support with shared accountability for results. These efforts have reduced avoidable complications for mothers and infants, improving health outcomes while reducing costly extended hospital stays.

With respect to cancer, Elevance Health has supported programs that help people receive appropriate care earlier and in settings better suited to their needs. These approaches have reduced avoidable hospitalizations by more than 60 percent for certain cancer patients, improving quality of life while lowering medical costs.

Behavioral health is another area where early, coordinated care can make a meaningful difference. Programs focused on individuals with substance use disorder have reduced avoidable inpatient admissions by more than one-third, helping people receive more consistent support without repeated hospitalizations. These outcomes matter for affordability, and stability, recovery, and long-term health.

Reducing Waste and Simplifying the Experience

Affordability is also undermined by waste, fraud, and abuse, and unnecessary administrative complexity. Every redundant form, miscoded claim, or avoidable delay adds cost that ultimately shows up in premiums and out-of-pocket expenses. Simplifying the system benefits patients, providers, employers, and taxpayers alike.

Elevance Health has made targeted investments to reduce friction and improve predictability. We are simplifying prior authorization requirements where they are no longer clinically necessary.
Prior authorization applies to about 3 percent of our claims, and since January 1, 2024, we have removed prior authorization requirements for more than 400 services and procedures. We are expanding electronic prior authorization to reduce paperwork and speed decisions, using technology, including AI, to handle routine steps and move information faster, while clinical judgment stays in human hands.

We have also invested in tools that provide faster answers and clearer information. Digital and self-service platforms help people understand their coverage, find care, and anticipate costs, reducing confusion and delays. We are also simplifying communications—such as explanations of benefits—so

information is clearer and easier to use. For care providers, better data sharing and automation have reduced unnecessary back-and-forth, freeing up clinician time that can be spent caring for patients rather than managing paperwork.

In one large health system, secure bi-directional sharing of electronic health information with Elevance Health significantly reduced denials related to missing or incomplete information, cutting administrative rework and helping care teams focus on patient care. These types of improvements may not always be visible to patients, but they play an important role in reducing system-wide costs and improving the experience of care.

Connecting People to Care Earlier

Too often, the health care system incurs its highest costs when care comes too late—after untreated conditions escalate into emergency room visits or hospital stays. Improving affordability means helping people get the right care, at the right time, and in the right setting.

Elevance Health's patient advocacy and care navigation programs support more than seven million people by helping them manage chronic conditions, close gaps in care, and avoid preventable complications. By using data responsibly and working closely with care providers, these programs help people stay healthier while reducing use of avoidable, high-cost services.

These efforts are especially important as national data show sustained increases in hospital and physician service use. Addressing utilization through prevention, care coordination, and earlier intervention is essential to slowing the long-term growth in health care costs.

Partnering with Policymakers to Improve Affordability

Improving health care affordability requires partnership. Policymakers play a critical role in creating the conditions for more affordable, high-quality care. From our perspective, effective reforms share common characteristics: they address underlying cost drivers, promote competition, reduce fraud, waste, and misuse, and simplify rules in ways that protect and support patients.

We support efforts to promote fair hospital pricing and transparency around site-of-care billing, including requiring health care providers to maintain unique national provider identifier numbers and be required to use them when billing for services. Such action will allow government and commercial payers to ensure the appropriate reimbursement amounts are paid based on site of service, including a hospital outpatient department or physician office or urgent care.

The No Surprises Act is protecting patients from surprise medical bills, but some health care providers – most owned or backed by private equity and venture capital firms – are abusing the arbitration system that are leading to inappropriate and excessive payment awards. We support policies that encourage competition and innovation while preserving patient protection. The volume of IDR cases has far exceeded early expectations, creating administrative burden and upward pressure on costs. We encourage Congress to conduct oversight of the Independent Dispute Resolution Entities that are performing arbitration under the NSA to ensure that only eligible claims are considered and financial incentives are properly aligned to promote affordability. We also encourage CMS to finalize and release the federal IDR operations rule as soon as possible.

Across public programs such as Medicare Advantage and Medicaid, stable and predictable policies are essential to supporting access, affordability, and better health outcomes for beneficiaries. These programs serve millions of seniors, people with disabilities, and families, and they benefit from approaches that reward quality, prevention, and coordination of care. Further, on Medicare Advantage, we encourage Congress to pass legislation (H.R. 4093) that would require the Centers for Medicare & Medicaid Services to release additional Medicare data to allow for more accurate comparisons of Medicare Advantage costs with original Fee-For-Service Medicare by the Medicare Payment Advisory Committee and public researchers.

We also support continuing and advancing policies to promote telehealth that help strengthen chronic condition management and enable consumers to receive timely care before conditions escalate to urgent care or higher-cost emergency room visits. In addition, we believe that increasing and improving health care cost transparency across all healthcare stakeholders will help improve healthcare affordability. Elevance Health made significant investments to quickly and thoroughly comply with the federal Transparency in Coverage requirements for medical cost data.

Conclusion

Health care affordability is both a financial and a moral imperative. When health care becomes unaffordable, it fails its purpose. The pressures families are experiencing today reflect system-wide trends—rising hospital and physician costs, increased use of services, and increasing prices for prescription drugs—that affect every coverage market and every payer.

Addressing these challenges will not be solved by any single policy or action. It requires shared responsibility, practical reforms, and sustained collaboration across the health care system. Elevance Health is committed to being part of the solution—working to lower underlying medical costs, improve health outcomes, reduce waste, fraud, and abuse, and make coverage more dependable for the people and families we serve.

We appreciate the Committee's leadership and oversight, and we look forward to continuing to work with Congress, care providers, employers, and other stakeholders to advance common-sense solutions that improve affordability while protecting access to high-quality care.

Thank you for the opportunity to submit this testimony for the record.