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**Hearing Statement of Senator Max Baucus (D-Mont.)**
**Regarding Transparency in Health Care Pricing**
*As prepared for delivery*

President Franklin Roosevelt once said that the best way to address a problem is, "In the cold light of day, to analyze it, to ask questions, to call for answers, to use every knowledge, every science we possess, to apply common sense."

Journalist Steven Brill's March 4th TIME Magazine article "The Bitter Pill: Why Medical Bills Are Killing Us" detailed the problem of skyrocketing health care bills in the cold light of day. We're fortunate to have Mr. Brill with us today to analyze the problem, to use knowledge and to apply common sense.

Mr. Brill shares the stories of uninsured and underinsured Americans who survived life-threatening diseases, but whose lives were nearly ruined by medical bills they could not afford.

We learned about Sean Recchi from Ohio. Sean was diagnosed with non-Hodgkin's lymphoma last year at the age of 42. Sean and his wife had just started their own business and were only able to afford a limited health insurance plan, but the hospital did not accept his "discount" insurance. So the hospital made Sean pay nearly $84,000 in advance for a treatment plan and an initial dose of chemotherapy.

Sean was billed off of the hospital's internal list price, known as the "chargemaster." The chargemaster is like the sticker price of a new car. It is inflated, and few would ever pay it. In the case of hospitals, the list price is not just a 5, 10, or 15 percent mark-up; it can be 100 times higher.

But unlike new cars, some people have no choice but to pay the chargemaster price. Who are those people? The uninsured, and the under-insured: People like Sean Recchi.

To start receiving lifesaving care, Sean needed to pay 170 percent of the average American's salary to a hospital – a non-profit hospital. That was just for his first treatment.

Mr. Brill's article shines a light on the little-known chargemaster system used by America's hospitals.

Mr. Brill also tells the story of Rebecca and Scott S., a couple in their 50s living near Dallas. One day last year, Scott was having trouble breathing. Rebecca raced him to the hospital. She thought he was about to die. Scott stayed in the hospital for 32 days until his pneumonia was brought under control.

Rebecca and Scott never imagined that this near death experience would wipeout their life savings. They had exceeded their insurance annual limit and were left with a $313,000 bill.

Thanks to health reform, these stories will soon be a thing of the past. The Affordable Care Act will ensure heartbreaking stories like Scott's and Sean's are no longer the norm.

The law got rid of lifetime limits, and by next year, the law will eliminate annual limits as well.

Families like Rebecca and Scott's will no longer face crippling debt as a result of illness. Insurance companies will be required to cover the medical services people need. And by 2016, the law will also provide coverage to 26 million Americans who were previously uninsured.

The health reform law also prevents hospitals from overbilling uninsured patients using inflated chargemaster prices. The Administration needs to act quickly to finalize the regulations related to this provision.

The Affordable Care Act also helped increase the transparency of what hospitals charge Medicare.

I applaud Medicare for releasing chargemaster data on inpatient and outpatient hospital stays over the last two months. We need to build on this and take a comprehensive look at transparency from the perspective of the consumer.

Some innovative firms like Castlight Health and Change Healthcare are doing just this. They are pioneering analytical tools that can zero in on meaningful pricing information.

These tools can help Americans be smarter consumers. They can help employers and plans form better partnerships with providers that can help keep costs down.

While increased transparency has the potential to change behavior, it will also expose the real thrust of Mr. Brill's article – health care prices are too high in the United States.

Today's hearing will explore the causes of these high prices. Specifically, I hope we can examine the consolidation of hospitals and physicians. The practice can often help produce more integrated care, but consolidation can also lead to higher prices for patients.

I also hope to look at the medical device sector and how it often reaps record high profits, including gross profit margins approaching 75 percent. We need to see if barriers exist that prevent hospitals from more aggressively bargaining for lower prices, and if they do, we need to tear them down.

This hearing is an opportunity to start working through these issues. We know there's a problem. It's been portrayed in the cold light of day by Mr. Brill.

We are here, as President Roosevelt urged, to ask the questions, to analyze the problem. So let us apply common sense. Let us continue to make health care more transparent and affordable. Let us not stop working until we finish the job we started with health reform. I look forward to our witnesses exposing real problems and discussing real solutions.

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