Federation of American Hospitals

Charlene K. MacDonald
President and CEO

Statement for the Record

House Committee on Ways and Means
"Markup of H.R. 10357, H.R. 10334, H.R. 6130, H.R. 5439, H.R. 4093, H.R. 10346, and H.R. 10356"

September 16, 2026

The Federation of American Hospitals (FAH) appreciates the opportunity to submit this Statement for the Record as the Committee considers health care transparency legislation. As the federal representative for over 1,000 taxpaying hospitals across the country, we appreciate the Committee's commitment to implementing patient-focused and meaningful policies that address health care access and affordability. Understanding the costs, coverage, and access implications of different health insurance options is critical to helping patients make informed health coverage decisions.

FAH strongly supports transparency efforts that make useful information available to health care consumers. Our members view cost transparency as a shared responsibility across the health sector and have made significant investments in consumer-friendly tools to help patients better understand their cost-sharing responsibilities. They have also collaborated with the federal government on transparency efforts and remain committed to the larger goal of increasing transparency in health care.

H.R. 4093, "The Apples to Apples Comparison Act" being considered by the Committee is a step in the right direction to advance transparency. FAH would welcome public issuance of the data required under the legislation. H.R. 4093 would require the Secretary of the Department of Health and Human Services (HHS) to publish information on Medicare expenditures on the CMS website, broken down by location and category of Medicare enrollment. In addition, it would require MedPAC to analyze and compare data between fee-for-service (FFS) Medicare and Medicare Advantage (MA) plans in its annual report in March.

FAH supports the goal of providing a meaningful comparison of expenditures under the MA and FFS programs. However, the legislation would expressly exclude favorable selection from MedPAC's analysis. Rather than excluding this factor entirely, FAH believes a more transparent approach would allow MedPAC to assess its assumptions and explain the potential impact of favorable selection on its analysis. A comprehensive comparison should account for relevant differences between the programs and avoid methodological assumptions that could bias the results.

A meaningful comparison of Medicare expenditures also requires greater transparency into how MA plans report spending on patient care, including through the Medical Loss Ratio (MLR). MLR captures payment for services, contracts, and business functions that are often carried out by an entity that is part of the same integrated health insurance company (e.g. utilization management, pharmacy benefit management services, pharmacy products, owned-physician practices). If MLR has become fungible within a vertically integrated health plan's owned entities, it undermines the accuracy of any expenditure analysis by distorting plan expenditures and, ultimately, the government's MA payments as well as MA spending on patient care. If vertically integrated MA organizations can shift payments among affiliated entities in ways that cause profits or other amounts retained within the corporate organization to be reported as medical spending, MLR data may not accurately reflect either the actual cost of furnishing care or the amount the plan is truly spending on patient care. This could distort analyses comparing MA and FFS Medicare spending and, to the extend those analyses inform payment policy, affect assessments of appropriate MA payment levels and patient care spending.

Transparency of the comparative cost between MA and FFS is important for fully informed beneficiary choice. Transparency into MA plan financing, coverage, and benefits is also important. The incentives within the MA plan to constrain costs have a direct impact on patient access, and it falls on hospitals and providers to be a voice for patients

when plans erect structural and procedural barriers to care. Transparency on cost will capture part of the story, and adequate protections for patient access are another needed part of the conversation.

As the Committee considers H.R. 4093, FAH welcomes the opportunity to provide feedback and share recommendations to help empower patients to be informed health care consumers. We are pleased to be able to provide input to the Committee and work together on policy that gives patients accurate and useful information about their health costs.