

**Statement
of the
American Hospital Association
for the
United States House of Representatives
Committee on the Budget
“Reverse the Curse:
Skyrocketing Health Care Costs and America’s Fiscal Future”**

January 21, 2026

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, as well as our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — the American Hospital Association (AHA) appreciates the opportunity to submit this statement to share the hospital field’s comments on how to reduce health care costs.

America’s hospitals and health systems are the backbone of American health care, providing essential services 24/7/365 and serving as trusted community anchors. We share your concerns regarding the cost of health care. Hospitals continue to face a perfect storm of financial pressures driven by persistent cost growth, inadequate reimbursement and shifting care patterns driven by both policy changes and an older, sicker population with more complex, chronic conditions. Congress must ensure access to coverage, which includes making care more affordable while also providing hospitals and health systems with the financial support needed to continue serving patients and communities.

ENSURING ACCESS TO CARE

The practices of certain Medicare Advantage (MA) plans to increase delays, denials and underpayments also are exacerbating the financial burden faced by hospitals and reducing access to care for patients. These challenges create significant barriers to hospitals’ ability to continue to provide access to essential services and care.



Insurer prior authorization practices continue to impose significant and unnecessary costs on the health care system. These practices contribute to the financial burden and strain on the health care system through inappropriate denials and increased staffing and technology costs to comply with plan requirements.

The AHA urges Congress to pass The Improving Seniors' Timely Access to Care Act (H.R.3514/S.1816), bipartisan legislation that would help streamline prior authorization requirements under MA plans.

In addition to challenges with inappropriate denials of care, hospitals and health systems are increasingly reporting significant financial impacts from insurers' failure to pay claims promptly. An AHA member survey found that 50% of hospitals and health systems reported having more than \$100 million in unpaid claims that were more than six months old.¹ Among the 772 hospitals surveyed, these delays amounted to more than \$6.4 billion in delayed or denied claims that are more than six months old. These delays also add unnecessary costs and burden to the health care system.

To address these issues, the AHA supports the Medicare Advantage Prompt Pay Act (H.R.5454, S.2879), which would ensure that hospitals and clinicians are paid promptly and accurately for the care they have already delivered to patients.

Rising prescription drug prices continue to be a major cost driver for both patients and hospitals and health systems. Average drug expenses per patient increased nearly 20% between 2019 and 2022.² Additionally, a government report found that drug companies increased prices faster than inflation for approximately 2,000 drugs between January 2022 and January 2023, with an average price increase of 15.2%.³ Compounding this problem are decisions made by drug companies to price new drugs coming onto the market at record-high levels, with the median price of a new drug in 2023 costing \$300,000 and increasing to \$370,000 in 2024.^{4,5}

HOSPITAL PRICE TRANSPARENCY REQUIREMENTS

We appreciate Congress' ongoing interest in hospital price transparency to provide consumers with access to the price information they need, which is specific to their course of treatment.

¹ <https://www.aha.org/system/files/media/file/2022/10/Survey-Commercial-Health-Insurance-Practices-that-Delay-Care-Increase-Costs.pdf>

² <https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf>

³ <https://aspe.hhs.gov/reports/changes-list-prices-prescription-drugs>

⁴ <https://www.reuters.com/business/healthcare-pharmaceuticals/prices-new-us-drugs-rose-35-2023-more-than-previous-year-2024-02-23/>

⁵ <https://www.reuters.com/business/healthcare-pharmaceuticals/prices-new-us-drugs-doubled-4-years-focus-rare-disease-grows-2025-05-22/>

Hospitals and health systems must comply with both state and federal price transparency policies, which include the federal Hospital Price Transparency Rule and provisions in the No Surprises Act. The Centers for Medicare & Medicaid Services (CMS) monitors hospital price transparency compliance, which includes requirements for a consumer-friendly display of shoppable services information, as well as comprehensive, machine-readable files. Hospitals have invested countless staff hours and substantial resources in adhering to the provisions and remain committed to ensuring they meet the regulatory requirements, even as the provisions have been continually modified since implementation.

We are concerned with legislative proposals that would diverge from current regulatory requirements and impose additional administrative burdens on hospitals and health systems. For example, provisions have been drafted that would no longer recognize price estimator tools as a method to meet the shoppable services requirement under the Hospital Price Transparency regulations. This change would both reduce access to a consumer-friendly research tool and unfairly penalize hospitals that have spent significant capital to comply with the regulation.

As Congress considers changes to price transparency requirements, we encourage legislators to account for ongoing CMS updates to the Hospital Price Transparency Rule, including improvements that have already occurred in standardization, data elements, file access, affirmation of accuracy and enforcement. Passing legislation that conflicts with current requirements could undermine CMS's efforts to update the rule.

Hospitals and health systems are eager to continue working towards providing the best possible price estimates for their patients.

The AHA asks Congress to take the following steps to support these efforts:

- **Review and streamline the existing transparency policies with a priority objective of reducing potential patient confusion and unnecessary regulatory burden on providers.**
- **Focus efforts on ensuring pre-service estimates can be as accurate as possible, including by simplifying benefit design.**
- **Continue to convene patients, providers and payers to seek input on how to make federal price transparency policies as patient-centered as possible.**
- **Refrain from advancing additional legislation or regulations that may further confuse or complicate providers' ability to provide meaningful price estimates while adding unnecessary costs to the health care system.**

REJECT SITE-NEUTRAL PAYMENT CUTS

The AHA strongly opposes efforts to expand site-neutral payment cuts, which would jeopardize access to care for seniors. Current Medicare payment rates appropriately recognize that there are fundamental differences between patient care delivered at

hospital outpatient departments (HOPDs) compared to other settings. HOPDs treat patients who are more likely to be sicker and more medically complex while also being held to stricter patient safety standards and regulatory requirements.

This is especially true in rural communities. Medicare beneficiaries in rural areas — including those who are dually eligible for Medicaid — disproportionately rely on HOPDs to meet their increased health care needs since they have less access to office-based physicians.⁶ Additional Medicare cuts to these facilities will have a direct impact on the level of care and services available to patients in rural communities.

Existing site-neutral payment cuts have already created significant financial challenges for many hospitals and health systems. This is largely because Medicare significantly underpays hospitals for the cost of caring for patients. The latest analysis shows that on average, Medicare paid only 83 cents for every dollar spent by hospitals, resulting in over \$100 billion in underpayments.⁷

Despite facing significant financial challenges, hospitals continue to provide health care services that are unavailable elsewhere in their communities, like access to 24/7 emergency care, trauma centers, neonatal care, burn units and critical care services. However, additional site-neutral cuts will force hospitals to make difficult decisions to reduce or even eliminate services they provide to patients, especially in rural and other underserved areas. While we appreciate Congress' efforts to increase affordability in health care, it should not come at the expense of access to care for our patients.

The AHA urges Congress to reject any additional site-neutral cuts, which would exacerbate the financial challenges facing hospitals and health systems and reduce access to essential care for patients.

CONCLUSION

Thank you for your consideration of the AHA's comments on issues related to reducing health care costs. We look forward to working together to ensure patients continue to have access to quality care in their communities.

⁶ <https://www.aha.org/system/files/media/file/2024/01/analysis-hospitals-health-systems-are-critical-to-preserving-access-to-care-for-rural-communities-report.pdf>

⁷ <https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf>