



COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

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to the Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs

Hearing on Assessing the Damage Done by Obamacare

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Assessing the Damage Done by Obamacare

Chairman Johnson, Ranking Member Blumenthal, thank you for the opportunity to testify today. My name is Joel White, and I am the President of the Council for Affordable Health Coverage, a broad alliance focused on lowering health costs so all Americans can access affordable coverage.

The ACA's core design—restricting choice and competition while driving up costs through anti-competition mandates and taxpayer subsidies—has been exposed in the debate over COVID-era credits. The law disrupted small business coverage, narrowed consumer options, massively expanded Medicaid, and incentivized consolidation across the health care sector. This triggered an arms race among insurers and hospitals to grow larger and more expensive, leaving patients and small businesses with rising premiums and shrinking options. The only response to these challenges seems to be asking taxpayers to write ever-larger checks. There is a better way.

ACA Weakens Choice and Reduces Affordable Options

The ACA restricts consumer options and channels patients into expensive, standardized coverage.

- Every enrollee must buy a comprehensive, one-size-fits-all plan—for example, a 60-year-old single woman must pay for maternity coverage she will likely never use.
- Premium tax credits can only be used for ACA-compliant exchange plans—the highest-cost options. Subsidies go directly to insurers, not consumers.
- “Metal tiers” reduce flexibility to design lower-cost coverage. Average deductibles are two times more HSA plans, and three times more than private employer coverage.ⁱ
- Catastrophic plans are largely limited to those under 30.
- Exchange plans limit access to doctors and hospitals compared with pre-ACA coverage.ⁱⁱ

Most consumers would not enroll in these plans without a subsidy. Taxpayer subsidies per enrollee have climbed 56 percent in constant dollars since 2014—from \$3,890 to \$6,072 in 2025. As more people are encouraged to enroll via rich subsidies, insurers earn gross margin per enrollee of \$1,048 in exchange plans.ⁱⁱⁱ

Insurer Consolidation

For insurers, one or two carriers pre-ACA already dominated most states. In 2013, a single insurer - often a Blue plan - controlled more than half of the commercial market. Insurers re-entered the market in 2020, and by 2023, the average state had six Marketplace insurers, up from four in 2020. Despite more logos on paper, county-level markets remain concentrated - in many areas, two insurers still hold 70% + of enrollment.

Unfortunately, this did not benefit consumers - insurers who negotiate lower hospital prices in concentrated insurance markets do not lower premiums.^{iv,v}

Consolidation occurred on both sides at once: a few dominant health systems and a few dominant insurers. Instead of offsetting each other, this created stable but high-price equilibria - neither side had strong incentives to cut their prices. Structural consolidation caused by the law keeps prices high and limits the ability to bend the cost curve to drive premiums down.

Provider Consolidation

After the Affordable Care Act was enacted, U.S. provider markets became the most

concentrated in our country's history. By 2010, 80% of hospital metro areas were already highly concentrated.^{vi} Today, 97 percent of inpatient hospital markets are highly uncompetitive.^{vii}

This caused prices for hospitals to increase by 15 to 30% and that flows through to higher medical costs. Higher costs are the prime cause of premium increases and make up 75 percent of the 26 percent premium increase we expect on exchange plans next year.^{viii}

The reasons for consolidation are many, but include ACA's complex payment reforms, expansive growth in 340B entities, and the medical loss ratio requirement that encourages insurers to buy PBMs, pharmacies, and doctors' offices to channel profits through those entities. Increased concentration worsens endemic problems:

- *Higher prices:* Hospital mergers increase commercial prices 5–20% on average, sometimes greater than 30%.^{ix}
- *Quality:* No significant improvements in mortality, patient experience, or readmission rates on average.^x
- *Gaming:* “Site-of-service” billing adds \$75–\$100 per outpatient visit when a physician office becomes hospital-owned.^{xi}
- *Access:* Reduced access to doctors and drugs through highly restricted networks.^{xii}

Policies like 340B discounts allow hospitals to mark up sales to patients of discounted drugs and make immense profits. Lower input costs allows them to fund purchases of physician practices, further consolidating the market.^{xiii}

We no longer have free, competitive health care markets in America, but rather a system of localized monopolies where costs are high and access is poor.

Conclusion

Additional subsidies will not fix these problems. CBO estimates permanent expansion of EPTCs would cost \$400 billion and cause 3.7 million Americans to lose better, lower deductible private coverage, mostly from small businesses.^{xiv} Congress should take steps to correct the ACA's design flaws, so coverage is more affordable for all Americans.

ⁱ [4-26-23CAHCEWTestimony.pdf](#)

ⁱⁱ [Narrowly We Roll Along - Paragon Health Institute](#)

ⁱⁱⁱ [Health Insurer Financial Performance in 2023 | KFF](#)

^{iv} [How do health insurer market concentration and bargaining power with hospitals affect health insurance premiums? - PubMed](#)

^v ASPE, RAND: [Environmental Scan on Consolidation Trends and Impacts in Health Care Markets](#)

^{vi} Bates White Economic Consulting, Market Concentration of Hospitals, June 2011: [Microsoft PowerPoint - Market concentration of hospitals \(June 2011\).pptx](#)

^{vii} [One or Two Health Systems Controlled the Entire Market for Inpatient Hospital Care in Nearly Half of Metropolitan Areas in 2022 | KFF](#)

^{viii} [How much and why ACA Marketplace premiums are going up in 2026 - Peterson-KFF Health System Tracker](#)

^{ix} [Mergers When Prices Are Negotiated: Evidence from the Hospital Industry - American Economic Association](#)

^x [Impact of Hospital Consolidation on Outcomes, Quality, and Access - Penn LDI](#)

^{xi} MedPAC September 4, 2025 Presentation: [Tab-E-Context-Sept-2025-SEC.pdf](#)

^{xii} [PBM Regulations on Drug Spending | Commonwealth Fund](#)

^{xiii} [The 340B Drug Pricing Program As A Capped Safety-Net Grant | Health Affairs](#)

^{xiv} CBO “Memo to Interested Hill Staff” accessed at Ways and Means Democrat Website November 4, 2025: [cbo-aca-coverage-loss-estimates.pdf](#)