

Opening Statement of Ranking Member Ron Johnson
“Examining Health Care Denials and Delays in Medicare Advantage”
Permanent Subcommittee on Investigations
May 17, 2023

As submitted to the record:

I would like to begin by welcoming Chairman Blumenthal to this subcommittee. The Permanent Subcommittee on Investigations (PSI) has a long bipartisan tradition of uncovering waste, fraud, abuse, and outright corruption. This subcommittee’s previous work brought much-needed transparency to the public and I look forward to continuing that tradition with PSI’s new chairman.

At PSI we rely on facts and data to drive our investigatory efforts. Today’s hearing about Medicare Advantage is part of the subcommittee’s initial information-gathering phase that will assist our subsequent inquiries.

The primary subject of today’s hearing concerns health care being denied when treatments and other health services require pre-approval by Medicare Advantage insurance carriers. This is a problem caused by our growing third-party payment system that has largely eliminated the benefits of free market competition and consumerism from health care. Over the last 60 years, patients have been separated from the direct payment for health care products and services, with third parties (government and insurance) taking over the primary role of payer. In 1960, out of pocket expenses amounted to 52 percent of health consumption expenditures. By 2021, out of pocket expenses had declined to nearly 11 percent. Inversely, third party payers—like insurance and the government—accounted for 48 percent of health consumption expenditures in 1960. In 2021, third party payers covered 89 percent of health expenditures.

When someone else pays for what a consumer purchases, the consumer has little, if any, incentive to make wise and cost-effective choices. Under a third-party payment system, everyone wants the best quality treatment and couldn’t care less what it costs. That is what is driving our health care costs through the roof. Pre-approval programs for some treatments and tests are the third-party payer’s attempt to limit wasteful spending. As this hearing will demonstrate, the pre-approval process is not perfect.

To me, the solution is obvious—reintroduce consumerism and free market competition into health care. Unfortunately, we have been heading in the wrong direction for decades, and the emphasis of most lawmakers and bureaucrats in Washington will be to grow government even larger, which will only make matters worse.

To see how much worse, we need to look no further than our miserable failure of a response to COVID-19. We spent and borrowed trillions of dollars and ended up with some of the worst outcomes of any nation on earth. The U.S. has approximately 4 percent of the world’s population, yet we account for over 16 percent of reported global pandemic deaths. The human toll and the economic devastation caused by shutdowns that didn’t work, plus the harm and loss of learning inflicted on our children, only underscore the failure of our response.

Oversight of the government's role in health care, not just as it relates to access to care for seniors, has been an ongoing priority of this subcommittee. Throughout the COVID-19 pandemic, federal health agencies have not been honest or transparent with the public, wasted hundreds of billions of dollars, and caused irreparable harm to Americans. The government has shown little compassion toward Americans who were injured by the COVID-19 vaccines. I have sent over 50 letters to the federal health agencies, insurance companies, and pharmaceutical companies, among other entities, seeking information about their failed COVID-19 policies.

It is my sincere hope that our subcommittee will work in a non-partisan way to uncover the truth about failures of our federal health agencies in their response to COVID-19 as well as those effecting Medicare Advantage. The facts that we will discuss at today's hearing will inform the subcommittee's work on examining the obstacles seniors and others may face in obtaining health care through Medicare. I thank the witnesses for coming forward today and setting the stage for this important work.