

**Opening Statement by Cong. Henry A. Waxman**  
**Hearing of the Subcommittee on Health of the Committee on Energy and**  
**Commerce**  
**“What’s the Cost?: Proposals to Provide Consumers with Better Information about**  
**Healthcare Service Costs”**  
**March 15, 2006**

Mr. Chairman, this hearing is a worthwhile one to have. Transparency in prices is good. In some cases, particularly in the area of drug prices, it can be a benefit to the consumer.

But no one should think that the topic we are addressing today comes to grips with the serious issues facing our health care system.

Transparency in prices doesn’t provide health insurance coverage for the nearly 46 million Americans that are uninsured in this country today. Transparency in prices is no substitute for real coverage.

Transparency in prices doesn’t give the individual the ability to negotiate in any effective way. Individuals need the negotiating power of a group to secure good prices. Employer sponsored group health insurance can negotiate meaningful discounts. Individuals cannot.

And transparency in prices doesn’t make them lower. We only need look at the recent reports of the pricing policy of Genentech for its cancer drug Avastin. They plan to charge about \$100,000 a year for that drug when it is used to treat breast and lung cancer. That price is double the current level for the drug which is already on the market for colon cancer.

Why the sudden increase in price? Because the manufacturer decided they could get it. That is their reason, pure and simple.

So knowing the price isn’t going to help that woman with breast cancer or that man dying of lung cancer. This is the kind of cost that won’t be effectively addressed unless someone who has some strong negotiating power enters the picture.

It is ironic that this Republican Congress turned its back on giving the Secretary of HHS the authority to use the negotiating power of 40 million Medicare beneficiaries to get lower drug prices. And it is equally ironic that the actual deals and rebates that the private insurance plans are negotiating with the drug companies are not made available to the public. Instead we get a list of prices that can be changed by the plans at any point.

So that just points out several concerns we’ve got to keep in mind when we hear of the value of transparency in prices.

It is no substitute for real negotiation.

What benefit it can provide is limited. It only helps if it is accurate, doesn't change, and is in useable form. It doesn't help if the information is so voluminous and confusing that the average person can't use it. It doesn't help if it isn't related in a meaningful way to quality measures.

And it certainly doesn't help if it is really an excuse to justify putting more of the burden of the cost of the health care system on the individual.

High deductible health plans are exactly the wrong answer when people need affordable coverage. Putting the individual out there on their own to negotiate better deals from the health care system is exactly contrary to what works.

So I welcome transparency in prices so long as we all understand that this is an approach that offers some slight advantages at the margin. But it should never be confused with an answer to the real problems of the high cost of health care and of the millions of Americans who are uninsured or underinsured in America today.