

Opening Statement of Chairman Ron Johnson
“The History and Current Reality of the U.S. Health Care System”
September 6, 2017

As submitted for the record:

Good morning. I want to welcome and thank our witnesses for testifying today.

The purpose of this and subsequent hearings on health care is to begin a problem-solving process that can produce continuous improvement in America's health care system, thereby improving the lives of our fellow citizens. That process must begin with the description and acknowledgement of reality.

The first reality to be acknowledged—and that should overshadow every congressional action—is that gross federal government debt is \$20 trillion and the Congressional Budget Office projects we will accumulate additional deficits of \$129 trillion over the next thirty years. Federal spending on health care (Medicare, Medicaid, and Obamacare) will account for 26.5% of projected thirty-year outlays—\$87 trillion of \$328 trillion.

Overall, spending on the U.S. health care system is one of this nation's largest and fastest growing expenditures. In 2015, the U.S. spent \$3.2 trillion on health care, approximately one-sixth of the U.S. economy. Over the last half century, 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. Today, only 11 cents of every dollar spent on health care is paid directly by patients. Without patients directly paying for care, pricing information is minimal and the benefits of consumer-driven competition have been greatly reduced. As a result, since 1960 the cost of health care has risen at 5.9 times the rate of inflation.

My hope is that we can find agreement on basic facts that can help us lay the groundwork for developing solutions. In the private sector, successful businesses tenaciously follow a well-defined problem-solving process that concentrates on facts, defining reality, employing root-cause analysis, and developing consensus. Unfortunately, in politics, demagoguery and exploiting divisions are too often the coin of the realm.

For today's hearing, I have asked the witnesses to testify on the facts and figures relating to the history and current state of health care in this country. One goal of this process is to dispel myths about the American health care system by analyzing health care data and market trends dating back decades. By focusing on information, we can begin to identify root causes of the current problems, and later, consider solutions. I hope that the information derived from these hearings will inform the debate and lead to a more productive discussion on health care in the future. I thank the witnesses for appearing today and look forward to a fruitful discussion on this important topic.