

# ***Big Insurers Try to Shift Blame for High Health Costs to Hospitals and Drug Makers***

At two congressional hearings, lawmakers slammed executives of major companies, saying they were failing to rein in the cost of medical care for consumers.



Stephen Hemsley, chief executive of UnitedHealth Group, left, defended insurers' practices, along with other companies' executives, during congressional hearings on Thursday. Credit...Kylie Cooper/Reuters

By [Reed Abelson](#) – The New York Times

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In response to palpable, bipartisan frustration among lawmakers over soaring costs for medical care, the chief executives of the country's largest health insurers on Thursday attempted to place the blame on others, namely hospitals and drug makers.

But the executives, summoned to appear at back-to-back House hearings on the affordability of health care, said little that seemed to appease congressional representatives seeking ways to hold the insurance industry accountable.

Members of both parties slammed the insurers on several grounds, including their high executive compensation and their widespread practice of denials and delays in paying for patients' care. Even amid sparring over whether the Affordable Care Act plays a role in contributing to higher premiums and out-of-pocket expenses, the panels' Republicans and Democrats expressed widespread agreement that the insurers had failed to contain costs.

"There is not one single American I have met that believes health insurers are effective at lowering costs," said Representative Jason Smith, the Republican from Missouri who chairs the House Ways and Means Committee.

"Premiums are rising — patients are struggling to afford care," said Representative Buddy Carter, the Georgia Republican and pharmacist who is a member of the health panel under the House Energy and Commerce committee. He also pointed to the high annual compensation of executives at CVS Health, including David Joyner, its current chief executive, who was paid \$17 million in 2024.

The hearings were held against the backdrop of the decision by the Republican-controlled Congress to allow the expiration of generous subsidies under Obamacare, doubling or even tripling [costs](#) for millions of people. And the hearings were influenced by the spike in annual insurance rates for the privately insured — 180 million people in the United States rely on an employer to provide their insurance. They are confronting [steep increases](#) in the cost of coverage and in how much they will have to pay directly for medical bills.

In addition, health care and medical bills remain a very tangible issue for voters. Lawmakers are heading into the midterm elections, and affordability has become the latest mantra for politicians wanting to tap into the angst of voters who are already straining to manage their household budgets or groceries and housing, let alone medical bills.

Still, in the face of overwhelming skepticism, the executives repeatedly defended their policies, with most unwilling to cede ground.

"The cost of health insurance is driven by the cost of health care," Stephen J. Hemsley, the chief executive of UnitedHealth Group, the giant health care conglomerate, said. "It is a symptom, not a cause."

Others who testified at the hearings included executives from Cigna, CVS Health and Elevance Health, which operates for-profit Blue Cross plans.

Mr. Hemsley also mentioned what he viewed as UnitedHealth's role in containing costs, saying the company had negotiated nearly \$300 billion in discounts on behalf of its customers last year. He claimed the discounts had avoided costs that would have doubled premiums.

He also used the hearing to announce that UnitedHealth, a relatively small player in the Obamacare market, would voluntarily return any profits it made this year from providing insurance. The company said it covers about a million people.

The closest to a mea culpa came from Paul Markovich, the chief executive of Ascendium, the parent of the nonprofit Blue Shield of California, who called for fundamental changes to the system. “Our health care system is bankrupting and failing us,” he said.

Mr. Markovich blamed health plans, hospitals, doctors, drug companies and others that “put profits ahead of patients and are complacent about how complex, inconvenient and inefficient our system is.”

In contrast to his colleagues, he refused to defend the insurers’ claims of success in controlling costs. Health care “just costs too much,” he said.

But the hearings underscored just how frustrated the lawmakers were with the insurers. “You all have been very delinquent in your duty,” said Representative Greg Murphy, a North Carolina Republican and a physician, who called out the insurers for attempting to point fingers at others. He said he agreed with those who believe the conglomerates should be broken up.

Lawmakers are holding these hearings to try to persuade their constituents that they are at least aware of the consumers’ problems.

It “shows how much health care costs have risen on the political radar,” said Anthony Wright, the executive director of Families USA, a Washington, D.C., consumer advocacy group.

“People are pretty pissed off at their insurance companies,” said Representative Kim Schrier, a Washington Democrat and a physician. She talked of patients forced to plead with insurance companies to cover their care.

The giant for-profit companies operate numerous related health care businesses, ranging from large physician groups to specialty pharmacies to pharmacy benefit managers that oversee prescription drug benefits for employers and governments, and frequently pay themselves for these services.

“You own a big chunk of the health care cost,” said Representative Alexandria Ocasio-Cortez, a New York Democrat, noting that her concerns over the companies’ dominance and potential anti-competitive behavior were bipartisan.

The insurers, particularly UnitedHealth, were also sharply questioned about the practices they have in place to require prior approval for treatments, which lawmakers criticized for delays and denials of necessary medical care. The companies, which reached a [voluntary agreement](#) with the Trump administration to streamline the process earlier this year, pointed to various efforts to reduce the bureaucratic hurdles in place.

Mr. Hemsley, who was repeatedly asked to comment on patients whose care had been denied or delayed, insisted that UnitedHealth denied only a small share of the claims it processed. But he acknowledged that patients “shouldn’t have to fight,” adding, “We should make it much easier.”

Democrats and Republicans also debated whether the Affordable Care Act was a driver of rising costs, and some Democrats accused Republicans of holding these hearings to try to divert attention from their failure to extend the subsidies that had dramatically reduced the cost of coverage. Some are worried that the higher premiums and deductibles will [force people](#) to drop coverage altogether or avoid getting any medical care when needed.

Some lawmakers are hoping to forge an agreement to restore the subsidies, but there appears to be little support for that among the majority of Republicans who control Congress and the Trump administration.

Representative Frank Pallone, a New Jersey Democrat, went so far as to offer a salve to insurers, attributing the loss of subsidies to higher premiums.

“This is not your fault, it is Republicans’ fault,” he said.

**Reed Abelson** covers the business of health care, focusing on how financial incentives are affecting the delivery of care, from the costs to consumers to the profits to providers.