

House Republicans Blame Consolidation for Health Care Cost Hikes

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Erin Durkin

Health policy reporter

House Republicans are targeting health-care industry consolidation as a cause of health care affordability issues, drawing attention to conglomerates of insurers, pharmacy benefit managers, and pharmacies with significant power.

- Republicans, including Chair Morgan Griffith and Chair Jason Smith, argue that lack of competition and consolidation within the insurance marketplace has led to higher health care costs, contrary to expected efficiencies and lower premiums.
- The topic has found common ground with Democrats, with some lawmakers proposing legislation to address consolidation, such as a bill to prohibit a parent company of a PBM or insurer from owning a pharmacy, with one lawmaker saying "there may be no other course but to break them up".

House Republicans have a new target to blame for health care affordability issues ahead of what could be a bruising election cycle this fall.

In a [pair of hearings last week with insurance executives](#), GOP lawmakers drew attention to health-care industry consolidation that has left conglomerates of insurers, pharmacy benefit managers, and pharmacies with a lot of power over health coverage and access to drugs.

Republicans have been searching for a message on rising health care costs, particularly after months of fighting over whether to renew enhanced Affordable Care Act premium subsidies. While lawmakers still didn't escape the political sparring last week over Obamacare premiums, House Republicans also made clear they were looking at other culprits for high costs.

"Lack of competition and consolidation within the insurance marketplace has led us to higher health care costs as a whole," said Chair [Morgan Griffith \(R-Va.\)](#) in opening the Energy and Commerce Health Subcommittee hearing.

Ways and Means Committee Chair [Jason Smith \(R-Mo.\)](#) made vertical integration among insurers central to his remarks and line of questioning. “This level of control and consolidation is supposed to lead to greater efficiencies, lower premiums, and lower deductibles,” he said. “But that’s not what has occurred.” This topic appeared to sow common ground with Democrats. Rep. Gwen Moore (D-Wis.) said when she heard Smith ask about vertical integration, “I was about to just scream hallelujah and do the holy dance around here.”

Moore pressed executives of UnitedHealth Group, CVS Health, Elevance Health, The Cigna Group, and Ascendium on whether they thought vertical integration contributed to higher costs. CVS Health has argued that such integration is beneficial for consumers.

“In a health system that is largely challenged by fragmentation, complexity, and disconnected data systems, our businesses work together to simplify care and deliver greater outcomes and value to consumers and our clients,” said CVS Health spokesperson Phillip Blando in a statement when asked by Bloomberg Government about the bipartisan convergence on vertical integration.

‘Break Them Up’

Consolidation in the health-care industry is a growing concern in Congress and the federal government. The Federal Trade Commission released an [interim report](#) in 2024 that found the three largest pharmacy benefit managers, which implement drug benefits for insurers, manage nearly 80% of all prescriptions in the US. They are also part of conglomerates that include insurers and specialty pharmacies, which the FTC says gives PBMs enormous power over which drugs are available. “Insurance companies themselves must change how they operate, particularly when it comes to consolidation and vertical integration,” said [Rep. Buddy Carter \(R-Ga.\)](#), a pharmacist, at a Jan. 22 press briefing, the same day as the hearings.

[Rep. Diana Harshbarger \(R-Tenn.\)](#), also a pharmacist, touted her bill with [Sen. Elizabeth Warren \(D-Mass.\)](#) at the briefing that would prohibit a parent company of a PBM or an insurer from owning a pharmacy.

“When in the world am I going to agree with Sen. Warren about anything, but we agree on this that there may be no other course but to break them up,” Harshbarger said.

But so far, the heat appears to take the form of proposed legislation and public statements. Concrete steps are less clear.

Industry Pushback

The health care industry has argued that their models increase coordination and improve health outcomes.

Chris Bond, spokesperson for the health insurance trade group AHIP, said in a statement that health plans “are the only part of the health care system with an incentive to lower costs—a fact that stands in stark relief with hospital systems and brand drugmakers who relentlessly leverage anticompetitive practices to keep charging Americans more.”

The Pharmaceutical Care Management Association, which represents PBMs, said alignment between insurers and PBMs can be cost effective.

“Employers are able to choose any PBM they want, even if their insurer is affiliated with a particular PBM,” said spokesperson Greg Lopes. “These partnerships, however, allow for greater cost effectiveness and care coordination, and employers and patients often prefer this alignment over a more fragmented system.”

To contact the reporter on this story: [Erin Durkin](mailto:edurkin@bloombergindustry.com) in Washington at edurkin@bloombergindustry.com