

Health system CEOs get off easy at Congressional hearing on affordability

Committee members seemed more interested in sniping at each other

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The four health system CEOs summoned before a Congressional committee Tuesday likely breathed sighs of relief early in the hearing, when it became clear they had friends in the audience.

Instead, committee members largely blamed the other party's health care policies for driving U.S. health care prices to levels inaccessible to many Americans.

The hearing was part of the House Ways and Means Committee's effort to understand the root causes of rising health care costs in the U.S. It comes three months after the committee heard from the CEOs of the country's largest health insurers, who largely deflected blame onto hospitals and drugmakers.

In attendance were the CEOs of some of the country's largest health systems: HCA Healthcare, a for-profit system of 190 hospitals, and CommonSpirit Health, a nonprofit system of 158 hospitals. The CEOs of New York-Presbyterian and North Carolina's ECU Health were also there.

The hearing opened with a fiery statement from committee chair Rep. Jason Smith (R-Mo.), who lambasted hospitals for their high profit margins, frequent mergers, and skyrocketing prices. He criticized nonprofit hospitals for not doing enough to earn their tax exemptions and for adding facility fees to their outpatient clinics.

“The American people are fed up with outrageous prices that seem artificially high,” Smith said. “They are right: Hospital prices are unjustified. This committee will continue to fight to lower health care costs for working families. The first step is to get answers and expose the truth, and that’s exactly why you all are here today.”

It seemed to set the stage for a lively debate. But the energy quickly dissipated when the first question from a committee member asked for the CEOs’ thoughts on serving healthier food.

Next came the first of many mentions of Republicans’ One Big Beautiful Bill Act, which cuts more than \$1 trillion in health care spending in the coming decade, and how much it will hurt hospitals. Rep. Richard Neal (D-Mass.) encouraged his colleagues to consider the strain hospitals are under and the costs involved in running such massive facilities 24-7.

“I think we’re misunderstanding the realities of what a breast cancer imaging machine costs, what a linear accelerator costs,” Neal said.

And so began a pattern of Democratic committee members using their allotted time to blame Republicans, and particularly the One Big Beautiful Bill, for the affordability crisis, rather than asking tough questions of the CEOs. Those came from Republican committee members, who criticized the notion of for-profit hospitals and urban hospitals’ practice of using rural classifications.

The lack of prodding from Democrats underscores the extent to which hospitals are a powerful lobbying source for members of Congress, especially Democrats. At the American Hospital Association’s annual meeting last week, Senate Democratic leader Chuck Schumer (N.Y.) revealed in a speech how much influence hospitals have over his party’s agenda.

“I’ve always consulted Rick [Pollack, outgoing AHA CEO] and the AHA and the health care industry before making any changes, because you know the best of all,” Schumer said. “You give us the best advice.”

Hospitals are an obvious target in any discussion about health care affordability. They account for a massive share of U.S. health care spending, representing 40% of spending growth between 2022 and

2024. Despite federal price transparency laws, their prices, and the rationale behind them, remain largely opaque.

Rep. Adrian Smith (R-Neb.) asked HCA's CEO, Sam Hazen, why his company charges an average of three times the Medicare rates for the same services.

Hazen replied that in HCA's markets, demand is growing significantly — by about 2.5% per year — and patients are becoming more complex and, thus, more expensive to treat.

Wright Lassiter III, the CEO of CommonSpirit, blamed health care's affordability problem on four factors: high labor costs, rising drug and technology costs, health insurer behaviors like prior authorization and denials, and regulatory burden. He said Medicare Advantage has been the most challenging insurer type to work with, and said CommonSpirit has \$4.3 billion in unpaid claims from care delivered to Medicare Advantage members, including almost \$1 billion that's more than 150 days past due.

A topic that came up frequently was hospitals' practice of charging facility fees at their outpatient clinics, rendering the same services much more expensive when provided there compared with independent physician clinics.

Rep. Jodey Arrington (R-Tex.) said that both Republican and Democratic presidents have included site-neutral payment reform, which would equalize Medicare reimbursement to hospital-owned and physician-owned outpatient clinics, in their budgets, "but we don't do jack squat about it." He asked the CEOs to raise their hands if they supported site-neutral payment reform. None did.

Smith echoed that sentiment, noting that Congress, including his committee, has tried to implement site-neutral payments. "But every time we try to advance these so-called site-neutral policies, big hospitals fight us tooth and nail," he said.

Several committee members asked Brian Donley, the CEO of New York-Presbyterian, to explain why the system classifies some of its hospitals as

rural under Medicare even though they're all located within the New York metro area. A rural designation carries higher reimbursement.

“To be clear, there are zero farms there in midtown Manhattan. I’ve been there,” Smith said, “and no crops are growing on East 68th Street next to your supposedly rural hospital campus.”

Donley said that even though the hospitals are not rural, New York-Presbyterian is designated as a rural referral center, meaning it takes complex patients from rural areas. He said they comprised 8,000 of the 2 million patients the system cared for last year.

Donley declined a committee member’s request for comment on a Justice Department lawsuit against his system, alleging it violated antitrust laws by stifling competition.

Republican committee members also blamed the Affordable Care Act, the signature health care law under President Obama, for raising health care costs.

Rep. Aaron Bean (R-Fla.) had an aide hold up a chart showing hospital price increases. He said the federal government recognizes hospitals’ importance and has tried to work with them, only for them to raise their prices and provide less charity care.

“How do we restore trust in an industry that we’ve given you every chance there is, yet this Mount Everest is where we’re headed?” Bean said, pointing to the price increase line. “Any thoughts? How do we build trust?”

None of the CEOs volunteered a response.