



Lawmakers Scrutinize Provider Consolidation

On March 18, 2026, the House Energy and Commerce Committee's Subcommittee on Health held its third hearing in an ongoing series on healthcare affordability, titled "Lowering Health Care Costs for All Americans: An Examination of the U.S. Provider Landscape."¹ The hearing brought together hospital, physician, and employer representatives to address the role of provider consolidation, inadequate physician reimbursement, and price transparency failures in driving up healthcare costs across the U.S.² The hearing follows prior subcommittee sessions with health insurance executives in January 2026 and pharmaceutical supply chain stakeholders in February 2026.³ This Health Capital Topics article examines the key themes that emerged from the hearing, including the ongoing decline of independent physician practice, legislative approaches to Medicare physician payment reform, and the intensifying bipartisan scrutiny of hospital consolidation.

The Decline of Independent Practice

A central theme of the hearing was the accelerating erosion of independent physician practice in the U.S. According to the American Medical Association's (AMA's) most recent Physician Practice Benchmark Survey, just 42.2% of physicians worked in private practice in 2024, down from 60.1% in 2012 – an 18 percentage point decline over 12 years.⁴ Witnesses framed this shift as both a symptom and a driver of consolidation, arguing that financial and regulatory pressures are pushing physicians into employment by hospitals, private equity (PE) firms, and insurers, which in turn concentrates market power and raises prices.⁵

Anthony DiGiorgio, DO, a neurosurgeon at the University of California San Francisco (UCSF) Health and health policy researcher affiliated with the Mercatus Center, described the situation in stark terms, testifying that hospitals "essentially starve[] independent practices of revenue while burying them in paperwork, making selling to the hospital the only way out."⁶ The AMA survey data support this characterization: the share of physicians working in hospital-owned practices rose from 23.4% in 2012 to 34.5% in 2024, while PE-owned practices grew from approximately 4.5% in 2020 to 6.5% in 2024.⁷ Physicians who sold their practices identified the need to better negotiate payment rates with payors (70.8%), improve access to costly resources (64.9%), and better manage regulatory and administrative requirements (63.6%) as leading motivations.⁸

Representative Mariannette Miller-Meeks (R-IA) underscored the access implications of this trend for rural communities, noting that Medicare physician reimbursement has declined over 30% in inflation-adjusted dollars since 2001 and warning that continued payment erosion threatens the viability of providers in areas with limited physician supply.⁹ David H. Aizuss, MD, Chair of the AMA Board of Trustees, echoed the point, testifying that the reimbursement crisis "is what's accelerating further consolidation, and independent practices to go out of business."¹⁰

Physician Payment Reform

Several witnesses pointed to Medicare physician payment reform as the most critical lever for stemming consolidation. R. Shawn Martin, CEO of the American Academy of Family Physicians (AAFP), Dr. Aizuss, and Dr. DiGiorgio each endorsed the Medicare Payment Advisory Commission's (MedPAC) prior recommendation to tie physician payment updates to the Medicare Economic Index (MEI), which measures practice cost inflation.¹¹ MedPAC voted unanimously in January 2025 to recommend that Congress update the 2025 Medicare base payment rate for physicians by the projected increase in the MEI minus one percentage point (projected to yield a 1.3% increase) and establish safety-net add-on payments for services delivered to low-income Medicare beneficiaries.¹²

Under current law, physicians participating in advanced alternative payment models (APMs) are scheduled to receive a 0.75% annual update beginning in 2026, while all other clinicians will receive just 0.25%.¹³ MedPAC data indicate that from 2000 to 2023, the MEI grew by 52%, while Medicare Physician Fee Schedule (MPFS) updates totaled only 14%.¹⁴ The commission's June 2025 report to Congress further recommended replacing current-law updates with an annual update based on a portion of MEI growth as a permanent structural reform, rather than the series of one-year payment patches Congress has relied on in recent years.¹⁵

Elizabeth Mitchell, President and CEO of the Purchaser Business Group on Health (PBGH), which represents employer purchasers, expressed support for higher physician payments, testifying that PBGH's self-insured employer members "want to pay more for independent physicians because we know that it leads to better referrals, based on quality, it leads to lower costs, and the distortion of pricing in hospitals is highly problematic."¹⁶

Effects of Consolidation

Lawmakers from both parties expressed concern about the effects of hospital consolidation on pricing and competition. Elizabeth Mitchell characterized hospital pricing as “utterly irrational,” testifying that it bears no relationship to quality or safety and amounts to “whatever a hospital can charge and get away with.”¹⁷ Several members raised the issue of site-of-service payment disparities, under which Medicare reimburses hospital-owned outpatient departments at higher rates than freestanding physician offices for the same services.¹⁸ Mitchell called these unjustifiable price differences an example of how consolidation drives up costs, noting that site-neutral payment reform could save Medicare billions of dollars.

Rick Pollack, President and CEO of the American Hospital Association (AHA), attempted to defend hospital mergers, citing data suggesting that operating costs for merging systems are reduced by an average of 3.3%, with quality improvements.¹⁹ However, Representative Kat Cammack (R-FL) pushed back, stating that she believed the data pointed to “a completely opposite scenario.”²⁰ Dr. DiGiorgio and Elizabeth Mitchell echoed her skepticism, describing reduced competition and higher costs stemming from health systems’ outsized market control.²¹

Subcommittee members pointed to recent enforcement actions to illustrate the problem, such as the civil antitrust lawsuit filed on February 20, 2026, by the Department of Justice (DOJ) and the Ohio Attorney General against OhioHealth Corporation, which alleges that the Columbus-based system used all-or-nothing contracting and anti-steering provisions to suppress competition and charge supracompetitive prices.²² Elizabeth Mitchell stated that such practices are common across the U.S., testifying that when hospitals consolidate and a payor wants access to any member of the system, “it is harder to do that at a fair price.”²³ Another example raised was Sutter Health’s \$575 million antitrust settlement that was finalized in 2021, which resolved allegations that the Northern California-based system used anticompetitive contracting practices to inflate prices.²⁴

Legislative Reform Proposals

Several legislative concepts received bipartisan attention during the hearing. Members discussed potential repeal of the Affordable Care Act’s (ACA) moratorium on the opening of new physician-owned hospitals, a prohibition that the subcommittee chairman characterized as preventing existing physician-owned hospitals from growing beyond their 2010 size.²⁵ Dr. DiGiorgio advocated for reform of the Stark Law, which he argued imposes stricter self-referral restrictions on independent physicians than on corporate entities, and called for Stark Law modernization alongside the lifting of the physician-owned hospital ban as measures to restore market competition.²⁶

Additionally, Representative Buddy Carter (R-GA) raised concerns about the 340B Drug Pricing Program, calling hospital exploitation of the program a “big, big problem” and framing it as a financial incentive for hospital acquisition of outpatient departments.²⁷ Price transparency enforcement also received attention, with witnesses urging Congress to strengthen compliance requirements for hospitals that have lagged in posting standard charges as required by existing federal regulations.

The Partisan Divide

While the hearing’s policy focus was largely bipartisan, Democrats used their time to draw attention to what they characterized as more immediate threats to healthcare access and affordability. Nearly all Democratic members addressed the healthcare provisions of the One Big Beautiful Bill Act (OBBBA), which includes approximately \$1 trillion in Medicaid cuts and enrollment restrictions over a decade, and the expiration of enhanced subsidies for ACA marketplace plans at the end of 2025.²⁸

Representative Raul Ruiz, M.D. (D-CA) drew a pointed analogy, comparing Republican-led policy discussions on consolidation to emergency department physicians debating a patient’s liver problems while ignoring a gunshot wound. Rick Pollack confirmed at Rep. Ruiz’s prompting that financially strained hospitals facing increased uncompensated care from coverage losses would likely need to close low-margin services or entire facilities and renegotiate contracts with payors, ultimately driving up premiums for employers and consumers.²⁹

Conclusion

The March 18th hearing reflected a growing bipartisan consensus that provider consolidation is a significant driver of rising healthcare costs, even as lawmakers disagree sharply on the relative urgency of consolidation-focused reforms versus the coverage and access implications of pending federal legislation. The hearing surfaced a range of potential legislative actions, including MEI-linked physician payment updates, site-neutral payment policies, physician-owned hospital expansion, 340B reform, and price transparency enforcement, that may advance as the Energy and Commerce Committee continues its affordability series. Whether Congress will move from scrutiny to legislation on these issues, and how such proposals might intersect with broader budget reconciliation dynamics, remains to be seen.

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- 2 “Chairman Griffith Delivers Opening Statement at Subcommittee on Health Third Hearing in Series to Improve Health Care Affordability for All Americans” House Committee on Energy and Commerce, Press Release, March 18, 2026, <https://energycommerce.house.gov/posts/chairman-griffith-delivers-opening-statement-at-subcommittee-on-health-third-hearing-in-series-to-improve-health-care-affordability-for-all-americans> (Accessed 3/19/26).
- 3 “Hearing on ‘Lowering Health Care Costs for All Americans: An Examination of the Prescription Drug Supply Chain’” Energy & Commerce Committee Democrats, February 22, 2026, <https://democrats-energycommerce.house.gov/committee-activity/hearings/hearing-lowering-health-care-costs-all-americans-examination> (Accessed 3/25/26); “Hearing on ‘Lowering Health Care Costs for All Americans: An Examination of Health Insurance Affordability’” Energy & Commerce Committee Democrats, January 22, 2026, <https://democrats-energycommerce.house.gov/committee-activity/hearings/hearing-lowering-health-care-costs-all-americans-examination-health> (Accessed 3/25/26).
- 4 “Physician Practice Characteristics in 2024: Private Practices Account for Less Than Half of Physicians in Most Specialties” By Carol K. Kane, Ph.D., American Medical Association, Policy Research Perspectives, May 29, 2025, <https://www.ama-assn.org/system/files/2024-prp-characteristics.pdf> (Accessed 3/19/26).
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- 9 “Health Subcommittee Scrutinizes Patient Affordability, Competition, and Access Across the U.S. Provider Landscape” House Committee on Energy and Commerce, Press Release, March 18, 2026, <https://energycommerce.house.gov/posts/health-subcommittee-scrutinizes-patient-affordability-competition-and-access-across-the-u-s-provider-landscape> (Accessed 3/19/26).
- 10 “To Tackle Costs, Lawmakers Weigh Provider Consolidation, Physician Pay, Price Transparency” By Robert King, Fierce Healthcare, March 18, 2026, <https://www.fiercehealthcare.com/providers/tackle-healthcare-costs-representatives-weigh-curbs-provider-consolidation> (Accessed 3/25/26).
- 11 *Ibid.*
- 12 “MedPAC Recommends Congress Tie Physician Pay to Inflation for 2026” By Susanna Vogel, Healthcare Dive, March 17, 2025, <https://www.healthcarediver.com/news/medpac-recommendations-physician-pay-tied-medicare-economic-index/742597/> (Accessed 3/19/26).
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- 17 “Provider Consolidation Slammed in House Hearing as Hospital Lobby Defends Acquisitions” By Susanna Vogel, Healthcare Dive, March 18, 2026, <https://www.healthcarediver.com/news/provider-consolidation-slammed-house-affordability-hearing/815121/> (Accessed 3/25/26).
- 18 As noted in a previous Health Capital Topics article, congress recently passed a requirement that hospitals’ off-campus outpatient departments start billing under distinct National Provider Identifiers (NPIs), setting the scene for the enactment of site-neutral payment policies. “ACA Subsidy Extension Update” Health Capital Topics, Vol. 19, Issue 1 (January 2026), https://www.healthcapital.com/hcc/newsletter/01_26/HTML/ACA/convert_aca_subsidy_extension_update.php (Accessed 3/25/26).
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