July 21, 2026

Senator Bill Cassidy
Chairman, Senate Committee on Health, Education, Labor & Pensions
455 Dirksen Senate Office Building
Washington, DC 20510

Senator Bernie Sanders
Ranking Member, Senate Committee on Health, Education, Labor & Pensions
332 Dirksen Senate Office Building
Washington, DC 20510

Representative Brett Guthrie
Chairman, House Energy & Commerce Committee
2161 Rayburn H.O.B.
Washington, DC 20515

Representative Frank Pallone, Jr.
Ranking Member, House Energy & Commerce Committee
2107 Rayburn H.O.B.
Washington, DC 20515

Representative Tim Walberg
Chairman, House Education & Workforce Committee
2266 Rayburn H.O.B.
Washington, DC 20515

Representative Bobby Scott
Ranking Member, House Education & Workforce Committee
2328 Rayburn H.O.B.
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Representative Jason Smith
Chairman, House Ways & Means Committee
1011 Longworth H.O.B.
Washington, DC 20515

Representative Richard Neal
Ranking Member, House Ways & Means Committee
372 Cannon H.O.B.
Washington, DC 20515

Re: Educational Observations on Healthcare Spending, Fiduciary Oversight, and Price Transparency

Dear Committee Chairmen and Ranking Members:

Healthcare overcharging increases costs for employers and patients, harms the economy, and erodes shareholder value. We, the undersigned state financial officers, oversee public pension funds and sovereign wealth funds holding shares in publicly traded companies. We also steward state spending on Medicaid programs and state-employee health plans, which benefit from market changes that lead to increased price transparency. In those capacities, we have a direct interest in ensuring that public companies preserve shareholder value by controlling group

health plan costs and that health plan service providers do not limit plan access to necessary cost data.

Effective fiduciary oversight of group health plans depends on certain core principles that, if applied, can dramatically increase price transparency and reduce waste, including the following of particular interest to state financial officers: (1) service providers like third-party administrators (TPAs) and pharmacy benefit managers (PBMs) must provide health plan sponsors with regular access to transaction-level claims and pricing data; (2) service-provider contracts must not restrict plan audit rights; and (3) service providers must provide data in standardized, machine-readable data formats so plan fiduciaries can properly analyze it.

This letter is not meant to endorse any specific legislation, but rather to provide general educational observations regarding healthcare spending, fiduciary oversight principles, and pricing data transparency that is important to financial officers.

I. State Financial Officers Have Taken a Leadership Role in Calling for Public Companies to Analyze Healthcare Spending to Control Costs and Protect Shareholder Value

Healthcare overcharging in the United States erodes shareholder value by driving up costs for employers (and patients).[1] Healthcare spending in the U.S. reached nearly *$5 trillion* in 2023, constituting 17.6 percent of GDP.[2] And healthcare costs clearly impact corporations' bottom lines, as employer spending on healthcare was approximately $1.3 trillion in 2024, and is growing by over five percent every year.[3]

State financial officers have a vested interest in the systemic reduction of wasteful healthcare spending. As fiduciaries for public investment and sovereign wealth funds, we have an interest in enhancing shareholder value for portfolio companies, which occurs when those companies appropriately manage health plan costs. State financial officers also have fiduciary responsibilities for state spending on Medicaid programs and employee and retiree health plans, which benefit from market changes leading to increased healthcare cost disclosures.

State financial officers have assumed a leadership role in demanding corporate health plan cost control. In December 2025, 17 state financial officers sent a letter to Fortune 500 companies requesting that those companies undertake a detailed payment-integrity analysis of their spending on employer-provided health plans.[4] The letter explicitly tied waste to pension portfolio performance, noting that "[h]ealthcare overcharging . . . erodes shareholder value" for public companies in which state funds invest.[5] The letter highlighted common abusive practices

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[1] *See, e.g.*, https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf; https://oversight.house.gov/release/hearing-wrap-up-oversight-committee-exposes-how-pbms-undermine-patient-health-and-increase-drug-costs/; https://www.patientrightsadvocate.org/pricevariationreport; https://pmc.ncbi.nlm.nih.gov/articles/PMC3999538/.

[2] https://www.ama-assn.org/about/ama-research/trends-health-care-spending.

[3] https://archive.ph/8Ov66; https://www.reuters.com/markets/us/us-employers-expect-nearly-6-spike-health-insurance-costs-2025-mercer-says-2024-09-12/ (noting that employers expected six percent increase in costs in 2025).

[4] https://sfof.com/wp-content/uploads/2025/12/Healthcare-Pricing-Transparency-Letter2.pdf.

[5] https://sfof.com/wp-content/uploads/2025/12/Healthcare-Pricing-Transparency-Letter2.pdf (p. 1).

of PBMs and TPAs that could be uncovered through a payment-integrity analysis, and encouraged companies to require actual price and claims data from service providers.[6]

II. Plan Sponsors Must Have Regular Access to Transaction-Level Claims and Pricing Data

Health plan fiduciaries need regular access to transaction-level claims, provider payment, and pricing data across the full transaction chain to verify the pricing and actual costs paid for medical treatments and services. This includes access to negotiated rates, billed rates, allowed amounts, and amounts actually paid to providers for each transaction. Transaction-level claims data—the plan's financial ledger—documents what services were delivered, by whom, at what price, what amount was allowed and paid, and how much was drawn from plan assets.[7] One industry expert called this level of access to data the "single most important leverage point" for fiduciaries,[8] and the "employer's equivalent of a receipt," without which "price transparency is incomplete."[9]

In the absence of explicit requirements for transaction-level claims and payment disclosures, service providers have continued well-documented practices that obstruct fiduciary access to data. For example, despite the prohibition on gag clauses in the Consolidated Appropriations Act of 2021, employers continue to encounter contractual restrictions—whether embedded in administrative services agreements, nondisclosure agreements, or downstream agreements with other service providers—that limit access to deidentified claims data, constrain employers' ability to share data with third-party firms for analysis, or force reliance on carrier-selected analytics vendors.[10]

With regular access to transaction-level claims and pricing data, health plans can conduct market analyses that compare actual price data from insurers, hospitals, and other providers against claims data to determine whether healthcare fees and expenses are reasonable and necessary. Price variation in the healthcare market is extreme: documented differences of up to 30 times between hospitals in the same state and up to 10 times within the same hospital underscore the critical importance of transaction-level data to meaningful cost analysis.[11]

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[6] https://sfof.com/wp-content/uploads/2025/12/Healthcare-Pricing-Transparency-Letter2.pdf.

[7] https://www.help.senate.gov/imo/media/doc/5c4f7817-d6d7-43a9-bfc9-dcc28f188898/Deacon%20Testimony.pdf (p. 9).

[8] https://static1.squarespace.com/static/60065b8fc8cd610112ab89a7/t/68e953124cd2f4310b081790/1760121629458/The+Health+Plan+Turnaround.pdf (p. 6).

[9] https://www.help.senate.gov/imo/media/doc/5c4f7817-d6d7-43a9-bfc9-dcc28f188898/Deacon%20Testimony.pdf (p. 9).

[10] https://www.help.senate.gov/imo/media/doc/5c4f7817-d6d7-43a9-bfc9-dcc28f188898/Deacon%20Testimony.pdf (p. 10); https://www.help.senate.gov/imo/media/doc/MItchell15.pdf (p. 7); https://natlawreview.com/article/unlocking-transparency-new-dol-guidance-clarifies-gag-clause-prohibition-rules; *see also* https://members.pbgh.org/wp-content/uploads/2024/03/PBGH-Response-to-ERISA-RFI_3.15.2024_Final.pdf (pp. 13–15). These persistent issues resulted in the Department of Labor issuing additional guidance in January 2025 regarding compliance with the gag clause prohibition. *See* https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-69.pdf (pp. 11–15).

[11] *See* https://www.patientrightsadvocate.org/pricevariationreport.

III. Service-Provider Contracts Must Not Restrict Plan Audit Rights

Audit rights are ineffective unless the health plan retains sole authority to select the auditor, service providers are prohibited from imposing restrictive conditions on the auditor, and transaction-level claims and payment data is made available to auditors without limitation. Historically, many service provider contracts have restricted fiduciary access to data through auditor approval requirements and audit scope limitations designed to prevent access to full, transaction-level data.[12] These restrictions undermine the ability of plan fiduciaries to exercise their oversight responsibilities and control plan costs. Effective audit rights are a primary mechanism by which plan fiduciaries can exercise payment integrity analyses to detect overpayments, billing irregularities, and improper service provider practices before they result in permanent losses to the plan or costly enforcement exposure and litigation.

IV. Data Must Be Provided in Standardized, Machine-Readable Data Formats

Disclosure is meaningful only when data is usable. Data that is incomplete, inaccurate, delayed, aggregated, or delivered in inconsistent formats cannot reliably support price validation, payment reconciliation, or fiduciary prudence—even when it is technically "disclosed."[13] Claims data provided to plan sponsors is often heavily aggregated or structured in ways that prevent reconciliation with Hospital Price Transparency and Transparency in Coverage files—existing federal data sources that provide independent reference points for price validation—undermining payment validation and cost control.[14] Standardized, machine-readable formats are essential to enable plan fiduciaries to conduct effective analysis, reconcile data across sources, and verify that plan assets are being spent appropriately.

V. Conclusion

In conclusion, as fiduciaries of public investment funds holding shares in publicly traded companies and of state Medicaid and employee/retiree health plan spending, we view health plan cost transparency as a key factor that will lead to considerable decreases in wasteful healthcare expenditures. The principles set forth above—access to transaction-level claims and pricing data, meaningful audit rights, and standardized data formats—represent the minimum conditions necessary for plan fiduciaries to exercise effective oversight of healthcare expenditures that now exceed $1.3 trillion annually in employer spending alone.

Respectfully,

Indiana Comptroller Elise Nieshalla

Kansas Treasurer Steven Johnson

[12] *See* https://www.govinfo.gov/content/pkg/FR-2026-01-30/pdf/2026-01907.pdf (p. 4352).

[13] *See* https://members.pbgh.org/wp-content/uploads/2025/07/PBGH-Response-to-CMS-Hospital-Price-Transparency-Enforcement-RFI_7.21.2025_Final.pdf (pp. 4–5)(comments of employer healthcare purchaser organization in context of hospital price transparency enforcement).

[14] https://www.help.senate.gov/imo/media/doc/5c4f7817-d6d7-43a9-bfc9-dcc28f188898/Deacon%20Testimony.pdf (p. 5); https://members.pbgh.org/wp-content/uploads/2025/07/PBGH-Response-to-CMS-Hospital-Price-Transparency-Enforcement-RFI_7.21.2025_Final.pdf.

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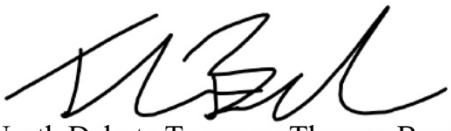

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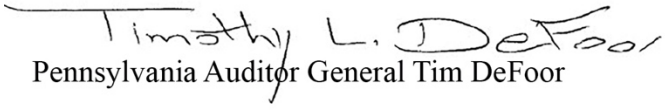

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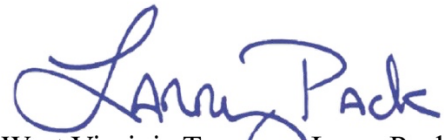

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