Catholic Health Association of the United States

We Will Empower Bold Change to Elevate Human Flourishing.℠

Statement for the Record

Submitted by the Catholic Health Association of the United States (CHA)

U.S. House of Representatives
Committee on Energy and Commerce, Subcommittee on Health

Hearing: "Lowering Health Care Costs for All Americans: An Examination of the U.S. Provider Landscape"

March 18, 2026

Chairman Griffith, Vice Chair Harshbarger, Ranking Member DeGette, and Members of the Subcommittee:

On behalf of the Catholic Health Association of the United States (CHA), thank you for the opportunity to submit this statement for the record. CHA represents the Catholic health ministry, a nationwide network comprised of more than 650 hospitals and 1,600 long-term care and other health facilities in all 50 states and the largest group of nonprofit health care providers in the nation. Every day, more than one in seven patients in the United States is cared for in a Catholic hospital.

Rooted in Catholic social teaching, our ministry has long supported accessible, affordable health care as a basic human right, while working to improve the health of the communities we serve. Catholic hospitals and health systems often serve as essential community anchors—delivering 24/7 emergency and trauma care, sustaining critical services (including maternity care, behavioral health, and specialized pediatric and neonatal care), and providing more than $14 billion a year in community benefit programs tailored to local needs.

CHA shares the Subcommittee's commitment to lowering costs for patients and families. But policies to improve affordability must be grounded in an accurate understanding of what is increasing costs and what patients experience. Hospitals and health systems are not the only factors shaping what families pay. Affordability is influenced by patient acuity and utilization, workforce shortages and labor costs, the prices of drugs and medical supplies, coverage instability that drives uncompensated care, regulatory burdens, and administrative waste driven by insurer practices such as delays, denials, and prior authorization.

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The Value of Not-for-Profit Catholic Health Care

Mission-based care and community benefit

Catholic health care is fundamentally mission-based and community-focused. As longstanding leaders in community benefit, CHA and its members have a proven history of advising policymakers on meaningful improvements to the IRS not-for-profit framework. In a time of increasing pressures in the health care sector, safeguarding the unique not-for-profit status of Catholic health care is critical to ensuring continued access to mission-based, community-focused care.

Putting community first amid financial pressures

Nonprofit hospitals are facing mounting financial pressure as reimbursement lags behind rising costs, and cost-containment strategies shift more of the health system's affordability burden onto providers. Despite these challenges, Catholic nonprofit hospitals continue to stand firmly with their communities—offering generous financial assistance, sustaining critical services, and investing in community benefit programs that would otherwise disappear. Over the past five years, Catholic hospitals and health systems have more frequently operated at a financial deficit compared with other hospital types, reflecting a commitment to maintaining access to essential services regardless of profitability[1].

The community return on tax exemption is substantial

Tax-exempt hospitals provide far more in measurable community benefit than the value of federal revenue forgone due to nonprofit tax exemption. National analyses show that tax-exempt hospitals provide roughly ten times more in community benefit than the value of forgone federal revenue. In 2022 alone, tax-exempt hospitals provided more than $149 billion in total benefits to communities, including about $65 billion in financial assistance and charity care delivered through financial assistance policies and the absorption of underpayments from means-tested programs[2].

Current Challenges Across Providers

Patients are older, sicker, and more clinically complex

Hospitals care for an increasingly complex patient population, including patients with multiple chronic conditions and higher acuity needs. This reality affects staffing requirements, length of stay, and the intensity of services delivered. Recent national spending trends show that increased

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[1] See Kaufman Hall, National Hospital Flash Report (monthly), which analyzes operating margins across U.S. hospitals using real-time financial data, and Kaiser Family Foundation (KFF), Hospital Margins Rebounded in 2023, But Rural Hospitals and Those With High Medicaid Shares Were Struggling More Than Others (Dec. 18, 2024), based on Medicare cost report data showing persistent margin disparities between nonprofit and for-profit hospitals.

[2] See American Hospital Association (AHA), Tax-Exempt Hospitals Provided $149 Billion in Total Benefits to Their Communities (Sept. 10, 2025), available at: https://www.aha.org/guidesreports/2025-09-10-tax-exempt-hospitals-provided-149-billion-total-benefits-their-communities

utilization and the intensity of services—more patients receiving more complex care—are central contributors to spending growth[3].

Labor, supplies, and drugs are core pressures—especially for mission-driven providers

Catholic hospitals and health care systems face a "perfect storm of financial pressures" driven by rising costs, rising need, inadequate reimbursement, and policy choices that shift risk onto providers. Labor is the single largest hospital expense—approximately 60 percent of total hospital costs—and ongoing workforce shortages have forced hospitals to raise wages and rely on contract staffing[4]. Hospitals also face elevated costs for drugs, medical supplies, and equipment, including high-cost therapies and the continued effects of supply chain disruptions.

Coverage instability and underpayment are compounding cost pressures across the health system

The expiration of the Affordable Care Act's enhanced premium tax credits would significantly reduce coverage, with estimates projecting $32.1 billion in lost provider revenue in 2026 alone, including $14.2 billion less spent on hospital services, driving higher uncompensated care and threatening access, particularly in rural and underserved communities[5]. At the same time, historic reductions to Medicaid under H.R. 1 are projected to increase hospital costs by $443 billion over ten years due to deeper Medicaid shortfalls and coverage disruptions tied to new work and community engagement requirements, which are likely to lead to avoidable emergency department use and higher systemwide costs; based on CHA's internal analysis, Catholic health care alone is projected to lose nearly $4 billion in a single year from reduced Medicaid reimbursement as a result of the law. Despite these growing demands, Medicare and Medicaid continue to underpay hospitals, reimbursing just 83 cents for every dollar of care provided in 2023, resulting in more than $100 billion in annual underpayments and widening the gap between the cost of caring for patients and public program payments[6].

Administrative burdens and insurer payment practices are a major affordability problem

Patients experience the affordability crisis not only as high bills, but also as delayed care caused by prior authorization and inappropriate denials, including in Medicare Advantage and private insurance. Hospitals must devote substantial staff time and resources to secure payment for medically necessary care already delivered. These delays and denials of care by insurance providers resulted in almost $18 billion spent on overturning denied claims and $43 billion spent on efforts to collect payments from insurers.[7] These administrative burdens divert clinicians from patient care, contribute to burnout, and add costs without improving outcomes. Compounding these challenges, hospitals are also subject to increasingly complex and resource-intensive

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[3] Hartman M, Martin AB, Lassman D, Catlin A. *National Health Care Spending Increased 7.2 Percent in 2024 as Utilization Remained Elevated.* Health Affairs. Jan 14, 2026.

[4] American Hospital Association, *The Cost of Caring*, https://www.aha.org/costsofcaring

[5] Urban Institute, *Changes in Health Care Spending and Uncompensated Care under Enhanced Tax Credit Expiration for Marketplace Coverage* (Sept. 25, 2025)

[6] American Hospital Association, *The Cost of Caring*, https://www.aha.org/costsofcaring

[7] Muoio, D. (2026, March 11). *AHA: Hospitals' total expenses rose by 7.5% in 2025*. Fierce Healthcare. https://www.fiercehealthcare.com/providers/aha-hospitals-total-expenses-rose-75-2025

regulatory requirements—such as overlapping federal and state price transparency mandates—that require significant compliance investments but often fail to deliver usable or meaningful information for patients. Taken together, the cost of administrative staff, compliance infrastructure, and supporting technology is now estimated to account for roughly 25–35 percent of all health care spending, diverting limited resources away from direct patient care and access-preserving services.

What Catholic Health Care Is Doing Now to Advance Affordability

Catholic health care is already advancing affordability through prevention, innovation, and stewardship. Our members are working to address the root causes of costly hospital care, such as food and housing insecurity, expanding telehealth, shifting appropriate care to outpatient settings, and investing in the health workforce, including needed nursing programs. Catholic hospitals also maintain significantly lower operating costs than other nonprofit hospitals, demonstrating strong stewardship and efficiency[8].

Addressing Root Causes to Prevent Costly Hospital Care

Catholic hospitals and health systems care for the whole person—body, mind, and spirit—by addressing the social and economic barriers that often drive poor health and high-cost hospital utilization. National analyses show that roughly 60 percent of nonprofit hospitals invest in efforts to address social determinants of health, with initiatives focused on issues such as housing stability, nutrition, and other upstream factors[9]. Catholic hospitals lead this work by screening patients for food insecurity, housing instability, and transportation barriers; embedding social care referrals into clinical workflows; and partnering with trusted community organizations to prevent crises before they require emergency care. For example, several of our members partner with Catholic Charities and other faith-based and secular non-profits to provide food assistance, transportation, and real-time connections to community resources; another member has implemented a *Food Is Medicine* program across its 25-state footprint; and one of our members launched a holistic program to address opioid use disorder among pregnant women. These mission-driven approaches reduce preventable emergency department visits and hospital admissions—improving outcomes, lowering costs, and strengthening the well-being of the communities Catholic hospitals serve.

Expanding Telehealth and Virtual Care to Improve Access and Lower Costs

Telehealth is a cornerstone of Catholic health care's affordability strategy, particularly for rural, remote, and underserved communities where access to clinicians and specialty services is limited. Catholic systems have pioneered fully virtual care models that provide continuous remote monitoring, improve chronic disease management, and reduce unnecessary in-person visits—contributing to significant reductions in emergency department utilization. In rural areas,

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[8] Dobson & DaVanzo, *Trends in Margins, Costs and Revenues for Catholic Hospitals Compared to Other Hospitals by Ownership for FY 2019 – FY 2024* (January 13, 2026)

[9] Franz B, Burns A, Kueffner K, et al. *A National Overview of Nonprofit Hospital Community Benefit Programs to Address the Social Determinants of Health.* Health Affairs Scholar. Published December 6, 2023. https://doi.org/10.1093/haschl/qxad078

Catholic providers are using telehealth to bring specialty services directly to patients, including tele stroke, tele oncology, tele crisis, and tele hospitalist support, while avoiding costly patient transfers and travel burdens. Remote monitoring programs further allow clinicians to identify early signs of deterioration and intervene before hospitalizations are required. These efforts expand access, reduce out-of-pocket costs for patients, and keep care close to home, while ensuring that emergency departments remain available for those who truly need them.

Strengthening Outpatient, Ambulatory, and Home-Based Care to Improve Affordability

Catholic health systems are transforming how care is delivered by moving appropriate services beyond hospital walls and into outpatient, ambulatory, and home-based settings—advancing our commitment to human dignity, stewardship, and affordable access to care. Across the ministry, systems are expanding outpatient capacity, integrating digital navigation tools, and scaling telemedicine to create more seamless, patient-centered experiences.
For example, one of our member systems has significantly expanded outpatient surgery, allowing more patients to return home the same day while preserving safety and quality, and another member has shifted appropriate care to ambulatory surgery centers and community-based settings to reduce reliance on high-cost inpatient care. Home health, transitional care, chronic disease management, and hospital-at-home models further help patients recover safely at home, prevent complications, and reduce avoidable hospitalizations and emergency visits—while supporting older adults, medically complex patients, and working families by keeping care close to home. Providing care in the most appropriate setting improves affordability, enhances patient satisfaction, and decreases unnecessary inpatient utilization while maintaining access to high-quality care.

Investing in the Workforce to Sustain Affordable Care

Health care affordability depends on a stable, well supported workforce, particularly in communities facing chronic clinician shortages. Catholic health systems are investing in long term workforce solutions by partnering with high schools, community colleges, and universities to build local nursing and clinical pipelines; expanding externships, apprenticeships, and tuition support programs; and reducing reliance on costly agency staffing. Many Catholic providers are also strengthening team-based care by integrating community health workers and care coordinators, which has been shown to reduce readmissions, emergency department use, and avoidable hospitalizations while improving continuity and preventive care. Our members have raised that without sustained investment in the workforce, staffing instability and burnout will continue to drive higher costs, reduce access, and threaten the ability of hospitals to meet community health needs. By stabilizing the workforce and supporting caregivers at every level, Catholic health systems help lower total costs, improve patient outcomes, and ensure sustainable access to care for the communities they serve.

Recommendations for Congress

CHA urges Congress to pursue a balanced, evidence-based affordability agenda that reduces waste, strengthens coverage, invests in the workforce, and preserves access, especially for rural and underserved communities.

- Strengthen and stabilize coverage in the ACA Marketplace, Medicaid, and Medicare to reduce uncompensated care and prevent avoidable utilization.
- Reduce administrative waste by reforming prior authorization and insurer payment practices, including inappropriate denials and delays.
- Invest in the health care workforce through education and training, and targeted strategies to address shortage areas, including in immigration policy.
- Lower prescription drug costs and address supply cost pressures that affect both hospitals and patients.
- Reject broad site-neutral payment reforms that fail to account for patient complexity and hospital standby costs, and that risk forcing service reductions or closures in hospital outpatient departments relied upon by rural and underserved communities.
- Reduce regulatory burden by ensuring price transparency policies are workable and aligned across agencies, enabling hospitals to provide clear, patient-friendly information without imposing costly, duplicative compliance demands that do not improve affordability or access.
- Preserve and strengthen the not-for-profit model and community benefit framework that sustains access and community health investments.

Conclusion

CHA shares the Subcommittee's commitment to lowering health care costs for all Americans. Achieving lasting affordability requires policies that address the true drivers of cost growth: workforce shortages and labor costs, high-cost drugs and supplies, coverage instability, and administrative waste, while protecting the mission-based nonprofit infrastructure that sustains access in communities nationwide. CHA stands ready to partner with Congress on sustainable solutions that promote value, quality, and affordability while ensuring that patients, especially those who are poor, vulnerable, and medically underserved, can obtain timely care.