

Penta Insiders

POLICYMAKER BRIEF

HEALTHCARE UNDER STRAIN: IDENTIFYING THE SOURCES OF PRESSURE

MAY 2026

Introduction

Policymakers across parties agree the U.S. healthcare system is under mounting strain.

This brief builds on insights from our report [Systems Under Strain](#), taking a deeper look at how both Democratic and Republican policymakers understand the challenges facing the U.S. healthcare system. Across our discussions with policymakers, they increasingly warned that the U.S. healthcare system was under growing strain. In their view, rising costs, structural inefficiencies, and persistent coverage gaps were pushing the system toward an unsustainable path. Their key areas of concern include healthcare costs, insurance barriers, drug pricing and pharmacy benefit managers (PBMs), and disparities in access and Medicaid funding. While policy approaches may differ, the underlying diagnosis is notably aligned across party lines.

Rising Healthcare Costs The Structural Drivers Behind Rising Costs

Policymakers see rising healthcare costs as systemic, with responsibility spread across nearly every part of the industry.

Policymakers described healthcare costs as deeply embedded within the structure of the system. Costs are rising at every level, from pharmaceutical R&D to hospital operations to routine care, driven by market consolidation, limited pricing transparency, and misaligned incentives. Rather than identifying a single source of the problem, policymakers pointed to a broad set of contributors, including hospitals, insurers, pharmaceutical companies, and PBMs. Policymakers highlighted the need for systemic changes that address incentives across the entire healthcare ecosystem.

["When thinking about rising healthcare costs overall, who do you see as the main contributors?"]... "Honestly, who isn't? Hospitals, providers, pharma, pharmacy benefit managers, all of them. R&D costs are up, more prescriptions are being written, and PBMs often don't pass rebates to patients. Everyone wants a bigger slice of the pie, and it shows."

Senior Advisor, Capitol Hill (R)

Medicaid Cuts Raise Concerns About System Stability

Policymakers view Medicaid cuts as a system-wide risk, with concern especially pronounced among Democrats, citing potential to destabilize providers, shift costs, and reverse coverage gains.

Medicaid funding reductions emerged as a significant concern, particularly among Democratic policymakers and those representing districts with high enrollment. Medicaid cuts are widely seen as placing financial strain on hospitals, lowering provider reimbursements, and shifting costs onto privately insured patients.

Beyond immediate budget impacts, policymakers raised concerns about longer-term consequences. Some policymakers warned that recent progress in expanding coverage could be reversed, while also noting a broader hesitation across the healthcare industry to openly challenge current policy direction.

This underscores that policymakers view Medicaid as a critical stabilizer within the healthcare system, where funding changes can create cascading effects across providers, patients, and the broader market.

“Adapting to the Medicaid cuts is something the industry will need to navigate over the next few years... If not, the consequences could be severe, not only for the broader healthcare system but also for hospitals, providers, and others that rely heavily on Medicare and Medicaid reimbursements to stay operational.”

Deputy Chief of Staff, Capitol Hill (D)

Insurance Barriers to Care Prior Authorization and Coverage Denials

Policymakers view insurance processes as creating friction that delays care and undermines trust in the system.

Beyond premiums, policymakers repeatedly pointed to insurance processes as barriers to care. Policymakers described prior authorization, coverage denials, and delayed approvals as adding unnecessary hurdles between patients and the care their doctors recommend. Policymakers stressed that these were not just inconveniences; delays could impact urgent care and force patients and providers into time-consuming appeals processes with little benefit.

Frustration was shared across party lines, though framed differently. Democrats focused on patient harm and the ethics of profit-driven decisions, while Republicans emphasized inefficiency and market dysfunction. Despite these differences, there was broad agreement that the system is not working well for patients.

“You’re leaving the medical decision to an insurance company and not to the actual physician or the doctor. If a doctor recommends a certain procedure, who is it to say that just a random employee of an insurance company should make a decision on whether or not that’s appropriate?”

Senior Policy Counsel, Capitol Hill (D)

A Persistent Lack of Trust in the Insurance System

Policymakers across party lines highlight persistent transparency gaps continue to undermine trust in the insurance system.

Policymakers described the complexities of the insurance industry as a longstanding part of the system. Policymakers pointed to what they viewed as insurers prioritizing financial interests over patient care, along with persistent challenges such as consumer confusion and limited transparency. While reforms like the Affordable Care Act expanded coverage, many noted that the underlying issues within the insurance market remain largely unresolved. Therefore, policymakers feel that improving transparency and usability while also expanding coverage will be critical to rebuilding trust in the system.

“I think it’s been consistently bad. Policymakers and the people who work on these issues understand how the system works and what could help, but the average consumer doesn’t. Even if there are solutions available, they often don’t know how to find them, and insurance companies aren’t being transparent.”

Policy Advisor, Capitol Hill (R)

Drug Pricing and the Role of PBMs High Costs and Accountability Gaps

Policymakers identified drug pricing as a central pressure point, with bipartisan concern driven by high costs and limited transparency across the supply chain.

Drug pricing emerged as one of the most consistent and visible concerns among policymakers. High prices in the U.S., combined with a complex and opaque supply chain, were seen as driving widespread frustration.

Policymakers pointed to limited negotiating power, taxpayer-funded research leading to high-cost products, and a broader perception among policymakers that the pharmaceutical industry prioritizes profit over patient outcomes.

While there is broad agreement that drug costs are a problem, perspectives diverge on solutions. Democrats tend to emphasize structural reform and access, while Republicans focus on transparency and caution around regulatory expansion. Despite these differences, policymakers across parties agree the system lacks accountability, therefore reinforcing broader distrust in the system.

“Cost is the biggest issue, both the price of drugs and how the pharmaceutical industry interacts with the broader healthcare system. ... The industry also has a bad reputation for being driven by profit and limiting access. Drug prices in the U.S. are much higher than in other countries, and people don’t understand why.”

Labor Policy Advisor, Capitol Hill (R)

PBMs: Visible, Opaque, and Widely Criticized

PBMs emerge as a rare point of bipartisan alignment, with policymakers consistently identifying them as opaque intermediaries that drive higher costs.

Pharmacy benefit managers (PBMs), third-party intermediaries that negotiate drug prices and manage prescription drug benefits, were frequently singled out as a key concern.

Across party lines, policymakers described PBMs as operating within a complex and opaque system, often described by policymakers as extracting rebates and generating profits without clear benefits for patients. Notably, PBMs were rarely defended. Even policymakers who expressed uncertainty about their precise role tended to view them with skepticism.

“[PBMs are] the enemy. They’re the middleman who’s taking the rebates, the price-saving angles; they’re taking them away from consumers, from patients.”

Senior Policy Counsel, Capitol Hill (D)

Uneven Access to Care Geographic Disparities and Rural Healthcare Deserts

Access to care is most strained in rural areas, where limited infrastructure is driving gaps in care.

While policymakers noted that healthcare strain is felt in both urban and rural areas, they consistently identified rural communities as facing the most severe risks. In regions where a single hospital serves an entire area, closures or downsizing were seen as eliminating access altogether. These areas were often described as “healthcare deserts,” where long travel distances, limited alternatives, and under-resourced systems make access to care difficult.

Workforce shortages further intensified these challenges. Providers in rural areas were already stretched thin, and facility closures shifted more patients onto fewer resources, increasing burnout and making rural practice less sustainable. Policymakers across party lines recognized these pressures, though views on solutions remained divided. Nonetheless, this underscores that healthcare strain is not evenly distributed, with rural systems serving as early indicators of broader system stress and vulnerability.

“Rural communities just don’t have as many additional health options... if the hospital is the only health institution in the community, it will be required to take on more of the healthcare for that community, even if it’s something that in a more urban setting could be addressed by a different type of organization.”

Communications Director, Capitol Hill (D)

Broader Financial Strain Compounding Economic Pressure

Healthcare costs are compounding broader economic pressures, reinforcing affordability concerns for both households and employers.

Policymakers consistently emphasized that healthcare costs are not a standalone issue. Rising premiums, deductibles, drug prices, and surprise bills are contributing to a wider affordability crisis alongside housing costs, energy prices, and wage stagnation. For many constituents, healthcare represents one of several overlapping financial pressures, with little sense of relief. As a result, incremental policy solutions are often viewed as insufficient given the scale of economic strain.

Policymakers also highlighted the link between employment and coverage. With most Americans under 65 relying on employer-sponsored insurance, healthcare costs are seen as a burden on both households and businesses, particularly small businesses. At the same time, the risk of losing coverage with job loss adds to broader economic insecurity.

Even among insured individuals, confidence remains low. Surprise billing, high out-of-pocket costs, and coverage denials reinforce the view that coverage does not guarantee access.

“I pay \$900 a month for my family’s health insurance, and it still feels like I’m paying a ton out of pocket. I don’t want people stuck with huge bills they can’t afford or kids going without healthcare.”

Deputy Chief of Staff, Capitol Hill (R)

Paths to Reform Transparency and Accountability as Key Reform Levers

Policymakers are prioritizing transparency and accountability as key drivers of healthcare reform.

In response to concerns around rising costs, insurance barriers, and PBM practices, policymakers consistently pointed to transparency as a critical starting point for reform. Despite widespread frustration, they emphasized solutions focused on increasing pricing visibility across hospital procedures, prescription drugs, and insurance services. Policymakers argued that limited transparency not only creates confusion, but may also drive up costs by making it harder to compare prices and understand what patients are paying for. As a result, some policymakers suggested measures such as banning spread pricing, requiring clearer disclosure of PBM rebate practices, and mandating that hospitals publish procedure costs in advance.

“Hospitals can’t even tell patients what procedures cost, it depends on negotiations with insurers afterward. Even uninsured patients negotiate. If we had price transparency, a lot of our healthcare issues would improve.”

Legislative Director, Capitol Hill (R)

Stabilizing Coverage and Strengthening System Capacity

Maintaining coverage and strengthening the healthcare workforce are top priorities for policymakers.

Across discussions, policymakers consistently emphasized the importance of protecting existing coverage, particularly Medicaid and ACA subsidies, before pursuing further expansion. Many focused on avoiding backsliding, arguing that strengthening the current system must come first.

They also pointed to ongoing workforce and capacity challenges, highlighting the need to retain internationally trained physicians through immigration reform and the potential for AI to reduce administrative burden and give clinicians more time with patients. Together, these priorities, alongside continued emphasis on transparency, reflect a broader focus on stabilizing coverage and strengthening system capacity before advancing more expansive reforms.

“I think AI has significant potential, particularly on the business side of healthcare, to address inefficiencies and analyze complex datasets. Ideally, this would lead to meaningful cost savings, which could ultimately benefit the end users of the healthcare system.”

Deputy Division Chief, Executive Branch (D)

Credits

Content Marketing Specialist

Venessa Nyambi

Senior Research Associate

Isaac Parham

Senior Director

Sathya Mandjiny

Director

Kate Ivey

At Penta, our mission is to foster non-partisan, impactful policy conversations by bridging the gap between policymakers and advocates through actionable insights. Each year, we connect with thousands of policymakers at every level of government; across Washington, D.C., state capitals, and around the globe, to gather invaluable feedback. This research powers our cutting-edge, tailored reports, addressing the critical challenges facing public servants today. Explore our insights, access exclusive reports, and stay informed by visiting www.pentainsiders.com. To join the conversation follow us on LinkedIn @pentainsiders.