

How Arnold Ventures Is Backing Cost-Cutting in Health, Without Cutting Care

Laurie Udesky | March 21, 2025



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The United States House of Representatives' [narrowly passed](#) budget reconciliation bill approved \$880 billion in cuts, with Medicaid, the federal health program for low-income Americans, a likely target of major downsizing along with other health programs.

Broadly speaking, [the GOP budget aims to cut taxes for the very rich](#) and will reduce spending meant to help the economically vulnerable. But needless to say, there are other ways to cut costs while leaving programs like Medicaid intact. One philanthropy that's worked for years researching ways to cut excess federal spending while ensuring that Americans have access to healthcare and medication is [Arnold Ventures](#), founded by billionaire couple Laura and John Arnold.

In [a recently released brief](#), for example, Arnold Ventures highlighted how in 2024, the government paid out around \$50 billion in excess payments to Medicare Advantage insurers, the private insurers who cover more than 50% of Medicare recipients. The excess payments were tied to "upcoding" — a practice of reporting more serious and expensive conditions than if the same patient was in traditional public Medicare. "The billions in overpayments to MA insurers each year due to upcoding increase Medicare spending and threaten the solvency of the Medicare trust fund," as the brief put it.

Here's a look at how Arnold Ventures has been thinking about and funding efforts to cut truly "excess" costs in healthcare — without eliminating care and treatment for vulnerable patients.

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Arnold Ventures’ focus on evidence-based solutions spurs a dive into healthcare costs

Laura and John Arnold [formed Arnold Ventures in 2019](#) as a limited liability corporation combining the couple’s political and philanthropic giving, the latter of which they had been conducting through the Laura and John Arnold Foundation for roughly a decade before.

Reducing what it costs consumers to pay for their healthcare fits in with Arnold Ventures’ overall mission of “correcting systemic failures through evidence-based solutions,” which it pursues, in part, through in-house research.

Cost reduction for consumers and the government has been an abiding focus of Arnold Ventures’ health grantmaking portfolio, which in 2023 accounted for roughly 30% of \$163 million in 501c3 grants through the Laura and John Arnold Foundation.

Take the case of Robin, a therapist from Missouri. When she switched from private insurance to Medicare in 2017, her out-of-pocket cost for insulin — the diabetes medication she takes to stay alive — shot up from \$25 to \$1,000 a month. She broke down at the pharmacy where she was picking up the insulin, unable to “see a way to work through this and stay out of debt” on her part-time job earnings, according to a blog post about her experience by [Families USA](#), a Washington, D.C.-based healthcare advocacy organization.

Families USA, a grantee of Arnold Ventures, helped to get the Inflation Reduction Act passed in 2022, part of which

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slapped down the pharmaceutical industry’s medication price hikes by capping insulin costs for Medicare recipients like Robin at \$35 monthly, according to Families USA’s Senior Director of Health Policy Sophia Tripoli.

“Families USA, along with Arnold Ventures and many partners, played a key role in building the political will and helping lawmakers understand that this reform was essential to actually lowering drug costs for the American people,” Tripoli said.

Arnold grantees target exorbitant drug and hospital care prices

Arnold Ventures President and CEO Kelli Rhee remembers a moment that sparked the organization’s work on battling rampant price hikes in health and medicine.

Rhee was watching a “60 Minutes” segment detailing a hospital’s refusal to pay the \$60,000 price of a medication that would extend a patient’s life by six weeks.

She and others arranged for Dr. Peter Bach, a physician featured on the program, to meet with Arnold Ventures leadership. “We spent a half day with him — honestly on the edge of our seats — learning the ins and outs about all the perverse incentives with drug development, drug pricing and how patients, employers and taxpayers end up bearing the burden,” Rhee said.

Among Arnold Ventures’ grantees shining a light on the pharmaceutical industry’s efforts to drive up prices, and pushing for policy reform, is a team of researchers affiliated

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with the [Johns Hopkins Drug Access and Affordability Initiative](#) at the Johns Hopkins Bloomberg School of Public Health.

One of the tricks drug manufacturers use to keep drug prices high is figuring out ways to extend patents, said Gerard Anderson, a professor of health policy and management at the Johns Hopkins Bloomberg School, who directs the initiative. “In order to keep the patent going, they tweak it in a variety of different ways to create a new patent and then they can say they have market exclusivity. They’re the only ones who can sell it,” Anderson said. Tracking those moves, researching solutions and presenting them to lawmakers, he went on, ultimately contributed to the drug pricing controls that are part of the Inflation Reduction Act.

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In a similar vein, Arnold Ventures has also worked to expose how exorbitant hospital facility fees add to the out-of-pocket costs for patients when their doctor’s practice is bought up by a hospital. On the Medicare side, when that happens, “as a taxpayer, you just got nailed for a higher price. If you happen to be the beneficiary, you also got nailed for a higher copay,” said Arnold Ventures Executive Vice President Mark Miller.

For a Medicare patient receiving one round of treatment for the cancer multiple myeloma, for example, that translates to an additional \$1,220 in out-of-pocket expenses, [according to a brief](#) provided by Arnold Ventures.

For patients with commercial insurance, the stakes are even higher: A breast cancer patient would be charged an additional \$19,095 for radiation treatment because of the hospital facility fee, according to the brief.

To fix the problem of facility fees, Arnold Ventures was among the stakeholders endorsing a bipartisan legislative framework that would “pay the same rate for the same service, regardless of where the service is delivered,” according to a November 2024 [press release](#) by Republican Senator Bill Cassidy.

Arnold Ventures’ brief details how a comprehensive bill along these lines would save \$157 billion in costs over a decade.

Working with state government to dismantle healthcare monopolies

Another way Arnold Ventures is working to check unfair healthcare pricing is through its efforts against hospital consolidation. Part of that work is also handled by Anderson’s research team at Johns Hopkins, which collects data on hospitals that are buying up other hospitals to create a “virtual monopoly” in an area in which they can charge higher prices for services than other unaffiliated hospitals in that area.

Anderson's team, for example, which has collected data on every hospital in the United States, presented its data on Sutter Health of Northern California to the state's attorney general, he said, since it was clear that Sutter was charging more than the remaining competitors.

"For a maternity case, for open heart surgery, for a simple doctor's visit, they were charging more," Anderson said.

That effort paid off. In 2021, California's Attorney General Rob Bonta announced a \$575 million settlement to a class action suit against Sutter Health, stating that "Sutter Health will no longer have free rein to engage in anticompetitive practices that force patients to pay more for health services."

Arnold Ventures is also supporting organizations working on policy changes and researching affordability around healthcare costs and drug pricing in states, including California, Maine, Massachusetts and Texas.

To Miller, who previously worked in government, philanthropies have a greater advantage in pushing forward agendas than other players. That's worth keeping in mind at a time when philanthropies are — justifiably, in many cases — [staying low and adopting a "wait and see" mindset](#) regarding the new administration.

"Frankly, [the reason] people on the Hill say they do pay attention to us is because they know they could agree or disagree with the ultimate idea. It's not being put in front of them to generate money or to protect money," Miller said. "I think that's very important to communicate, because there

are few other actors who can say that.”

Correction (3/24/25): A previous version of this article used an incorrect title for Sophia Tripoli, who is Senior Director of Health Policy at Families USA.

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