

Why Employers Are 'Flying Blind' on Healthcare Costs

(Episode 325)

Featuring
Chuck Melendi
Whistleblower and
Destructive Dialogue Host



This time on Code WACK!

Most employers don't actually know what they're paying for healthcare—and employees are paying the price. In this episode of **Code WACK!**, discover why companies are “flying blind” on healthcare costs, how opaque pricing drives higher premiums, and what this means for your coverage, care, and financial security.

To learn more, we spoke with **Chuck Melendi**, who has more than three decades of experience in healthcare leadership, advocacy, and industry strategy. He spent 25 years at Johnson & Johnson, where he tackled issues including drug pricing, payer negotiations, policy, and commercial strategy.

Chuck retired from Johnson & Johnson in early 2025 and went on to launch Disruptive Dialogue, a podcast and consulting platform where he shares insights from inside the U.S. healthcare system – while exploring ideas for reform.

This is the second of a two-part series.

SHOW NOTES

Episode 325, April 13, 2026

WE DISCUSS

What are the biggest obstacles employers run into when they try to offer good coverage at a reasonable rate?

Melendi: Oh boy, that's a loaded question. So I think that employers still struggle to offer good coverage at a reasonable cost for one core reason. And that is that they're trying to manage the system that they can't fully see or control.

... first off, US healthcare is super complicated. As long as I've been in it, I learn new stuff every day. And then for us to expect an employer to run their core business, whether it's in textiles or retail or you know, restaurant, to run that and understand healthcare, that's impossible. So first off, they can't control it. It's super complicated.

And then the other big barriers we already touched on [include] the lack of transparency. Most employers, it is crazy, the more I get into it with the benefit consultants, most employers, they don't even have complete access to their own claims data and key and other key cost drivers like hospital pricing, the drug rebates, the PBM fees that are hitting behind complex contracts.

Tell us more.

Melendi: ... Okay, you know, there are misaligned incentives, insurers and PBMs actually make more money when the cost of premiums go up. And especially now that they're vertically integrated and they have a PBM and a pharmacy and physicians, the more entities they have involved, the higher the cost, the more profit that they can make, and then they can hide it.

And the other challenge is some employers are locked into two and three year contracts, and those are difficult to unwind. And a lot of employers don't wanna switch insurance companies because that messes with people's benefits and, and it's a disruptor. So, you know, you have all those.

And then lastly, you know, you touched on drug costs. Both drug costs and hospital costs are rising. Employers can't control it and they can't even see it with how the system currently is opaque. So even well-intentioned employers, they're essentially flying blind. Um, and they're facing annual costs increases, well, while they're clear, an actionable way to push back. So they're really having to depend on their broker and hopefully legislators pass good laws.

How can we get drug prices down?

Melendi: ... One is, I absolutely hate the branded advertising that we see on TV. It's on TV. It's on the internet. It's in magazines ... That was not always the case.

In the 1990s, drug manufacturers could not mention their drugs on TV, believe it or not. All they could talk about was a disease state. And the commercials would say, if you have this condition, please go see your doctor and they will tell you what the appropriate medication is. Boy, would that be nice to have today, <laugh>. But that's not the case today. And so today they spend hundreds of millions of dollars every year on advertising. It drives up drug utilization, which means more drugs get used.

... The other thing is, you know, ... it comes once again back down to transparency. That if a hospital charges you a certain amount for a drug, you should be able to know what that cost of that drug was to that hospital. It's crazy. Mark Cuban's done a great job with Cost Plus RX. I mean, he basically says, 'look, what we're gonna sell is the cost of the drugs plus 15% plus the shipping.'

... And that's the kind of model that hospitals, insurers and PBMs would hate because that's where they make a ton of money. So I just think it's

gonna have to come down to transparency. And the crazy thing is, Brenda, transparency laws have been put in place in the last five years, both, both for hospitals and for insurance companies. But the adherence to those laws has been very slow on the uptake.

And one of the reasons why is because the only penalties are financial penalties. And these companies make so much money that they just pay the penalty because that's a lot less expensive than giving up this profit making machine that they've created. So it's, it's gonna be challenging to lower drugs, but it can be done.

Helpful Links

[Disruptive Dialogue](#)

[Gaps in Data About Hospital and Health System Finances Limit Transparency for Policymakers and Patients, KFF](#)

[Transparency Reveals Health Care Prices—And A Billing And Payments System In Need Of Overhaul, Health Affairs](#)

[Why Is There A Lack Of Price Transparency In Healthcare?, HealthFees.org](#)

[Employers are challenged to keep healthcare affordable as costs soar: Survey results, Mercer](#)

[A Perilous Prescription: The Dangers of Unregulated Drug Ads, Johns Hopkins Bloomberg School of Public Health](#)

[Federal Solutions To Address Rising Costs of Employer-Sponsored Insurance](#)

Episode Transcript

Read the [episode transcript](#).

Guest Biography - Chuck Melendi

Chuck Melendi brings 35 years of healthcare expertise to the table as a results focused executive with both domestic and international leadership. During 25 years with Johnson & Johnson, Chuck demonstrated expertise in drug price negotiations with payers, advocacy & policy impact on health care reform, and leadership in sales & marketing.

His deep and extensive relationships across medical societies, employer coalitions and advocacy organizations have contributed to significant legislative impact and an excellent reputation within the industry. Chuck retired from Johnson & Johnson in January of 2025 to start [Disruptive Dialogue](#), a podcast and consulting business, focused on sharing with the general public his inside knowledge of the US healthcare system and his dedication to changing it. He partners with benefit consultants, serves on discussion panels, and has presented to civic and professional groups across the country, all in an effort to create a more informed consumer and build a more effective healthcare system.

In addition to his professional endeavors, Chuck is committed to meaningful community engagement, with a focus on mental health and affordable housing. He is the chairman of the operating board for Ibis Healthcare, a Tampa based behavioral health and substance misuse care center, and an active board member with the Florida Supportive Housing Coalition, among other volunteer initiatives. Chuck's focus is on family, friends and trying to make a positive impact in the world.

A passionate college sports fan with a love for his Florida Gators, he enjoys torturing himself with a schizophrenic golf game, which usually ends with a quality craft beer.

Host Biography: Brenda Gazzar

Brenda Gazzar, the host and co-producer of **Code WACK!**, has produced over 300 weekly podcast episodes topping 400,000 downloads. A skilled interviewer and storyteller, Brenda brings nuance, curiosity, and clarity to every conversation.

Brenda has worked as a multilingual and award-winning reporter with more than two decades experience in California and the Middle East.

Her work has been published by Reuters, Ms. Magazine, USA Today, Los Angeles Daily News, the Orange County Register, The Wrap, The Jerusalem Post, Cairo Times and numerous other publications. She speaks Spanish, Hebrew, and moderate Arabic and is the recipient of national, state and regional awards.

Brenda also enjoys being a life coach, helping people align with their purpose so they feel fulfilled while achieving their boldest dreams.

Brenda's work is grounded in a belief that systemic change and personal growth go hand in hand — and she's here for both.

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