Policies to Address the Impact of Consolidation in Health Care Delivery

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May 13, 2015
Integration vs. Competition
Balancing Offsetting Considerations

- **Pro-consolidation**
  - Integrated delivery benefits
  - Limits medical arms race

- **Anti-consolidation**
  - Market efficiency (quality)
  - Pricing power

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<tr>
<th></th>
<th>Private</th>
<th>Medicare</th>
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What do we know?

• Medical care arms race
  – More robots = more robots = more procedures
What do we know?

Competition, Management, Quality
Policy Options

• Reinforce Competition
  – Antitrust enforcement
  – Transparency
  – Narrowing anti-competitive rules

• More Regulatory options
  – Upper limits on negotiated rates
  – All-payer rate setting
Balancing Offsetting Considerations

• Pro-competition
  – Theory is strong but evidence is weak
  – Success depends on acceptance of narrow networks
  – Not suitable everywhere

• More regulatory
  – Theory?? evidence?
  – Methods?

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<thead>
<tr>
<th>Location</th>
<th>Health Spending per Capita</th>
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<tr>
<td>Delaware</td>
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<td>$7,730</td>
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<td>Virginia</td>
<td>$6,286</td>
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*Based on analysis of Current Procedural Terminology codes 92010 through 9615
Source: Medicare Payment Advisory Commission
Balancing Offsetting Considerations

• Rate-setting and cost-shifting??

Cite this article as:
Chapin White
Contrary To Cost-Shift Theory, Lower Medicare Hospital Payment Rates For Inpatient Care Lead To Lower Private Payment Rates
Health Affairs, 32, no.5 (2013):935-943
Thank you!

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