

# Academic Articles & Reports Round Up: June 2016

June's articles ran the gamut of the Source's favorite topics: price transparency, new payment models, provider markets and pricing, state strategies, and reforming the entire U.S. healthcare system.

## PRICE TRANSPARENCY

The Society of Medical Decision Making published an interesting study on how consumers respond to healthcare pricing information, [Presenting Comparative Cost Information to Consumers: Easier Said Than Done](#) by Jessica Greene, PhD and Rebecca M. Sacks, MPH. Participants in the study were provided online cost and quality information in various forms, and then asked to select a provider. Not surprisingly, shoppers were interested in their own out-of-pocket expenses more so than annual cost-of-care information. Also, researchers discovered that virtual handholding in the form of icons and descriptive words like "affordable" led to more clicks than more bare-bones data like value ratios. The authors concluded: "This study confirms that consumers are interested in cost information, but presenting the information is tricky."

Castlight Health described its *Costliest Babies* study in a post titled [How much does having a baby cost in the U.S.? The answer might surprise you....](#). Author Glenwood Barbee summarized the study's findings as: "costs are shockingly higher in places like Sacramento and San Francisco, where patients have more limited care choices due to provider consolidation. We also found huge variations in price for both routine vaginal and cesarean deliveries, both within and across the 30 largest U.S. cities." This study provides more evidence that consolidation in healthcare markets is a major cost driver, which leads us to our next topic...

## PROVIDER MARKETS

In [Hospital Prices Increase in California, Especially Among Hospitals in the Largest Multi-hospital Systems](#), Glenn Melnick and Katya Fonkych find that hospital prices

in California grew substantially (+76% per hospital admission) across all hospitals and all services between 2004 and 2013 and that prices at hospitals that are members of the largest, multi-hospital systems grew substantially more (113%) than prices paid to all other California hospitals (70%). The authors attribute the findings to California's wave of hospital consolidation, which they say is the canary in the coalmine for later-consolidating hospital markets in other states.

Sometimes and international piece sheds a little light on U.S. markets. In [Understanding specialist sharing: A mixed-method exploration in an increasingly price-competitive hospital market](#), researchers in the Netherlands looked at the phenomenon of medical specialists being affiliated with multiple organizations. They concluded: "specialist sharing should be interpreted as a form of inter-organizational cooperation between healthcare organizations, facilitating knowledge flow between them. Although quality improvement is an important perceived factor underpinning specialist sharing, evidence of enhanced quality of care is anecdotal. Additionally, the widespread occurrence of the phenomenon and the underlying strategic considerations could pose an antitrust infringement." Importantly, the researchers also found that specialist sharing increased over time, as did price competition.

## **VALUE-BASED PURCHASING**

A few articles this month took up value-based purchasing, which Sandra Tanenbaum, in [What Is the Value of Value-Based Purchasing?](#), defines as payment schemes that "choose some number of 'quality indicators' and financially incentivize providers to meet them (and not others)." Tanenbaum's piece points out the many shortcomings of value-based purchasing, which essentially boil down to its being better in concept than in execution. Ultimately, the article concludes that "the greatest value of value-based purchasing may not be to patients or even payers, but to policy makers seeking a morally justifiable alternative to politically contested regulatory policies."

In [Are Hospital Pay-for-Performance Programs Failing?](#), Marina N. Bolotnikova summarizes some of the history and studies of value-based purchasing. Just as Tanenbaum found, she explains that tinkering with incentives is not easy, so the idea's success lays in its careful execution. As one researcher she quotes explains,

“We’re still in the early stages of understanding how humans make decisions.” Yet another study that highlights this problem is [Dollars and Sense: How Do Patients Define Value of Care? Why the Answers May Not be so Clearcut](#), by Lola Butcher.

NEJM Catalyst and Professor Leemore Dafny published a recent survey of NEJM Catalyst’s “Insights Council,” which includes healthcare executives and clinicians, in [New Marketplace Insights Report: Value-Based Payment Gains Traction Amid Hot M&A Environment](#). Ultimately, the survey, which asked respondents whether their organizations were using value-based payment schemes and how M&A opportunities affected the use of alternative payment models, found “a shift in mindset vis-à-vis value-based payment. If not there already, organizations realize value-based payment is likely to dominate the landscape in the next two to four years. It remains to be seen whether the M&A on the horizon is the best way to get there.”

## **STATE STRATEGIES**

[In the Zone: State Strategies to Advance Health Equity by Investing in Community Health](#), a report by the National Academy for State Health Policy, looks at how states are transforming their health care delivery systems to improve the health of populations while controlling costs. The report looks at four states, Delaware, Rhode Island, Maryland, and Connecticut as examples and guides for health care reform at the state level.

[How Much Financial Protection Do Marketplace Plans Provide in States Not Expanding Medicaid?](#) compares the savings offered by the ACA’s premium subsidies and cost-sharing reductions to people with incomes above 100 percent of the poverty level with the savings offered by Medicaid. The study found “that marketplace enrollees at this income level in most plans analyzed are at risk of incurring premium and out-of-pocket costs that are higher than what they would pay under Medicaid. For people with significant health needs, costs are estimated to be much higher in marketplace plans than what they would be under Medicaid.” In other words, for most people who would be buying silver plans, Medicaid would be cheaper.

[In Strategies for Health System Innovation After Gobeille v Liberty Mutual Insurance Company](#), the authors suggest that states not let Gobeille be the last word

on collecting information that allows them to monitor utilization, price and quality data. The authors suggest ways to continue to collect and use such data post-Gobeille, including: (1) Data Sharing Agreements With Self-insured Plans|(2) Data Reporting From Health Care Professionals and Facilities|(3) Federal Regulatory Action|and (4) Congressional Action. The authors maintain that better information is essential to better healthcare.

## **ENTIRE U.S. HEALTHCARE SYSTEM**

In [United's Withdrawal from Exchanges — Much Ado about the Wrong Things?](#), Christopher Koller argues in a NEJM Perspective piece essentially that United's exit from the ACA exchanges is just not that big a deal compared to all of the other problems with healthcare. The bigger fish he wants to fry include "addressing the duplication, waste, poor quality, and high prices that plague U.S. health care" and implementing payment reforms. Ultimately, he argues, "the policy priority of competitive insurance markets is at best a necessary precondition to — and perhaps merely a distraction from — this much harder work."

In [Healthcare in America: Try Thinking This Way - Part 2](#), Gregory P. Shea and Bruce Gresh of the Wharton School of Management attempt to reframe the thinking on healthcare reform as a "systems" issue. They take on several so-called "elixirs" to healthcare problems, and debunk them as myths. For example:

### **Elixir #1: Provider consolidation will be good for you.**

*Assumed causality:* Consolidation will improve coordination of care and provide economies of scale.

*Systems perspective:* Consolidation may also increase pricing power and drive up costs.

*Implication:* We need to consider the trade-offs between consolidation, care coordination, economies of scale, and increased prices.

We like it!

That's all for June! We hope you are enjoying your summer. Happy Fourth!