

The Source Roundup: July 2019 Edition

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Happy July! Hope everyone is staying cool in the summer heat. In this month's Source Roundup, we take a dive into academic articles and studies that look at 1) healthcare system reform on a national and state level 2) health care markets concentration and competition, and 3) developing trends in prescription drug pricing.

Healthcare System Reform

Ever since the Affordable Care Act (ACA) implementation nine years ago, it has become one of the most polarizing topics in American political culture, spawning debates both in support and in opposition of the federal Act. Julianna Pacheco and Elizabeth Maltby, in the Journal of Health Politics, Policy and Law, take a look at the attitudes of states toward the ACA in their academic article [Trends in State-Level Opinions Toward the Affordable Care Act](#). The authors attribute the slow progress in state support for the ACA to variations in each state's policymaking and implementation. The study discovered that as states play a bigger role in their state-based exchange, attitudes towards the ACA become more favorable. However, the adoption of federal or partnership marketplaces may have undermined ACA favorability and contributed to the threat of its repeal at the national level.

As suggested by Pacheco and Maltby in their ACA study, in discussing health system reform, it is important to analyze trends seen at the state level in order to fully understand the effects of reform. In [Proposed Change to ACA Enrollment Policies Would Boost Insured Rate, Improve Continuity of Coverage](#), published by the Center on Budget and Policy Priorities, Sarah Lueck takes a closer look at the effects of the ACA on a particular state, Massachusetts. Lueck analyzes how the state was able to boost enrollment, prevent coverage gaps, and reduce uninsured rate by making it

easier for consumers to enroll in the health marketplace. The article breaks down what Massachusetts has done and compares its tactics to other states that have tried to implement similar reforms.

On the national level, Jonathan Gruber and Benjamin Sommers analyze the Affordable Care Act's role on access and consumption of health care in [The Affordable Care Act's Effects on Patients, Providers and the Economy: What We've Learned So Far](#). The article, published in The National Bureau of Economic Research, finds that there has been increased access and consumption of care due to implementation of the ACA. The authors argue that despite doubts regarding the ACA's efficiency, there has been no evidence of reduction in provider access nor increased budget pressures on state governments. The article concludes with future policy challenges that will affect the ACA's role in health care.

Switching gears from the Affordable Care Act, Steffie Woolhandler and David Himmelstein discuss the positive implications of another type of healthcare system reform, [Single-Payer Reform - "Medicare for All"](#). The JAMA Network paper first addresses the concerns of transitioning into a single payer system, such as limits to hospital care, stagnation of healthcare innovation, and even the government becoming an additional barrier to medical decisions. The authors argue that implementing a single payer system not only would not trigger any of these concerns, but would also quell many of the current frustrations physicians and health systems have had with the ever-increasing cost of care. The authors assert that a single payer system could lower administrative costs, increase incentives to improve health, and increase health care enrollment of individuals. Under a single payer system, physicians would most likely be paid on a universally agreed schedule. This would remove barriers such as prior authorizations or co-payments. The article also discusses why current attempts to implement alternatives to a single payer system, such as Medicare buy-in programs are not efficient in the long run, as these alternatives do not negate the issues regarding billing and might encourage private insurers to enroll only healthy patients.

As seen with any level of health care reform, it is important to recognize overall state health performance in order to truly gauge what type reform is needed. Ever since the implementation of the Affordable Care Act, states have sought to expand

health insurance coverage and access to care. The Commonwealth Fund recently released a [2019 Scorecard on State Health System Performance](#). The report measures, by state, performance indicators such as access to care, uninsured rates, and overall trends in Medicaid expansion. The report pinpoints why Medicaid expansion has stalled and even highlights the challenges contributing to the negative score for certain states.

Healthcare Markets and Competition

Whenever there is an extreme concentration of a specific industry, consumers will inevitably face challenges such as higher prices, poor quality products, and lack of alternative choices. A report released by the Open Market Institute titled [America's Concentration Crisis](#) highlights concentration in specific niches of the health care market and shows the market share of the top players in each market. The report offers users the unique ability to view individual sections of the healthcare market and see details such as how the market share is divided amongst different brands. For instance, the report indicates that in the pharmacy market, 75% of the market is shared by Walgreens, CVS, and Rite Aid. The report concludes that health care concentration is something seen all across all facets of the health care industry.

Another prominent topic in healthcare markets is the continued prevalence of vertical mergers. [Tim Greaney](#), a Source advisory board member who also recently testified at a [congressional hearing](#) on antitrust and competition policy, analyzes the role of vertical mergers in the health care sector in [Navigating the Backwater: Vertical Mergers in Healthcare](#). Greaney argues that due to the lack of case law and agency guidance, vertical mergers continue to become a common occurrence without any challenge. He goes into detail about the importance of monitoring vertical mergers, especially how it limits rivalry amongst horizontal competition. He uses examples of certain industries that are very concentrated and concludes that agencies should take a more active stance in antitrust enforcement and seek to reduce excessive vertical consolidation.

Prescription Drug Pricing

Transitioning to the topic of pharmaceuticals, Nathan Wineinger and Yunyue Zhang dive into trends among popular brand name prescription drugs in their study [Trends in Prices of Popular Brand-Name Prescription Drugs](#) in the United States, published by the JAMA Network. Some of the noteworthy trends seen in the study are that cost increases for drugs were almost uniform across 132 brand name drugs, with an average 76% increase from January 2012 through December 2017. The main takeaway from the study is that popular brand name prescription drugs appear to be immune from the effects of common market forces. One possible explanation is that competition does not seem to have an impact on pricing, because if manufacturers see a drop in the number of drugs being sold, they respond by increasing the price to make up for lost revenue. The authors then go on to discuss the cause of the increase in price. They discuss the role of the current drug rebate system and how it incentivizes high list prices, which ultimately add to the overall cost of the drug. Lastly, the article talks about future trends in drug prices. The article indicates that drugs are becoming more expensive and estimates a probable double in price roughly every seven to eight years. The authors call for innovative solutions to combat these ever-increasing prices, such as value-based reform and ability of Medicare and Medicaid to negotiate with pharmaceutical companies.

In another pharmaceutical trend report, Juliette Cubanksi, Anthony Damico, and Tricia Neuman break down drug trends in Medicare Part D in their collaborative study [10 Things to Know About Medicare Part D Coverage and Costs in 2019](#). The study reports that enrollment in Medicare Part D has doubled since 2006, from 22 million to 45 million people. In terms of market competition, UnitedHealth, Humana, and CVS Health cover almost 60% of all Medicare Part D enrollees. Additionally, the monthly premiums for enrollees under Medicare Part D prescription drug plans are lower than the national average. Overall, the study provides a benchmark for how prescription drug plans can expect to operate in the near future.

That's it for this month's Roundup. As always, if you find articles or reports that you think should be included in the monthly Roundup, please send them our way. Happy

reading!