

The Source Roundup: September 2021 Edition

This month, our round-up proudly features a new issue brief written by our Source colleagues that discuss what state regulators need to strengthen state antitrust laws and prevent further healthcare provider consolidation. Also highlighted in this month's round-up are studies on the potential impact of the federal No Surprises Act on health care prices, state-level strategies to reduce health care spending, better methods to assess policy-relevant financial information of hospitals, a grassroots push towards the public option, and industry trends and implications in the pharmacy market.

Market Competition/Consolidation

In a new Milbank Memorial Fund issue brief written by the Source team, Alexandra D. Montague, Katherine L. Gudiksen and Jaime S. King round off the second installment of a three-part series looking at antitrust enforcement. The [first brief](#) argues that both state and federal antitrust enforcement is critical to address the rising costs that result from consolidation. The second brief, "[State Action to Oversee Consolidation of Health Care Providers](#)," examines the importance of well-designed state merger review authority in preventing further consolidation and better oversight of approved transactions. The brief identifies the key elements of a comprehensive merger review framework and analyzes how state regulators and enforcers can use and augment their existing authority to address health care consolidation.

Price Transparency

The federal No Surprises Act, designed to protect consumers from surprise out-of-network medical bills, may be effective at lowering prices for certain services, according to a new report. Published in the JAMA Network, researchers Ambar La Forgia, Amelia Bond, and Robert Tyler Braun discuss the [“Association of Surprise-Billing Legislation with Prices Paid to In-Network and Out-of-Network Anesthesiologists in California, Florida, and New York.”](#) In comparing prices paid for anesthesiology services in the three states, all of which had passed surprise-billing legislation, the research team analyzed claims from hospital outpatient departments and ambulatory surgery centers for patients in preferred provider organizations and point-of-service plans from 2014 to 2017. The study found that after the three states passed comprehensive surprise-billing legislation, prices paid to anesthesiologists working in hospital outpatient departments and ambulatory surgery centers decreased. These findings illustrate how health care prices could change following the passage of state or federal laws against surprise billing.

Healthcare Market and Costs

Rising health care spending continues to be a concern for state governments and their constituents, who are facing greater out-of-pocket costs and premiums. Researchers Michael E. Chernew, David A. Cutler, and Shivani A. Shah discuss various approaches states can take to control spending growth in [“Reducing Health Care Spending: What Tools Can States Leverage?”](#) The Commonwealth Fund report highlights several potential strategies, ranging from efforts to promote competition, reduce prices, or decrease utilization of low-value care to broader strategies that address overall spending. The report also describes how health policy commissions can play a central role in supporting any of these efforts. Given limits to significant federal action, states are better positioned to take the lead on implementing a

variety of cost control reforms, all of which can be tailored in ways that work best for each state.

Policymakers need a clear picture of the health care system's financial health to make consequential policy decisions, but where do they get this information? In a report published by the Journal of Healthcare Finance, researchers argue that policymakers often rely on income statement-related metrics that don't paint the full picture of a hospital's financial health. The study, authored by The Source's Advisory Board member [Robert Berenson](#), along with Nancy Kane et al., discusses "[Why Policymakers Should Use Audited Financial Statements to Assess Health Systems' Financial Health.](#)" It identifies a broader range of policy-relevant financial indicators of hospital financial health than those reported in an income statement. The study calls for regulators to amass audited financial statements in a national database accessible to the public. According to researchers, a national database of these statements would be an important tool for more informed and socially beneficial policymaking.

Health System Reform

President Biden campaigned on a promise to create a federal public health insurance option, but health policy experts predict a legislative stall on the plan in the near term. Given the close division of power in Washington, Biden's public option for healthcare is seemingly off the table, but Jacob S. Hacker argues that instead of giving up on it, advocates should recast it through a strategic, self-reinforcing form of advocacy. In his article "[Between the Waves: Building Power for a Public Option](#)," published by the Journal of Health Politics, Policy and Law, Hacker describes a path to the public option that involves building power through policy – using the openings that are likely to exist in the near term to reshape the political landscape for the long

term. To make this argument, Hacker lays out three interim steps that could advance the public option's prospects: 1) pursue immediate improvements in the ACA that are tangible and traceable yet do not work against the eventual creation of a public option, 2) build the necessary foundations for a public option within Medicare while encouraging progressive states to experiment with state public plan models, and 3) seed and strengthen movements to press for more fundamental reform. Rather than coming up with new proposals that cannot be passed in the near term, Hacker's plan seeks to refine the basic vision of the public option and pursue interim steps that can help build the necessary power to pass it.

Pharmaceuticals

Having expanded from traditional hospitals to serve as medication experts in a broad range of other settings, the pharmacy market plays an increasingly prominent role in the health care system. As such, policymakers working towards containing prescription drug costs should understand the market shifts and their implications for the affordability of prescription drugs. Writing for the Commonwealth Fund, Elizabeth Seeley and Surya Singh explore trends in the pharmacy market and their impact on drugs prices and spending in "[Competition, Consolidation, and Evolution in the Pharmacy Market.](#)" Specifically, their brief identifies and reviews four main aspects of the pharmacy industry that affect drug spending: 1) increased pharmacy consolidation and vertical integration, 2) rising challenges facing independent pharmacies, 3) growth of specialty pharmacies, and 4) the evolving role of mail-order pharmacies and e-commerce platforms. How policymakers grapple with containing prescription drug costs may depend on their ability to leverage their understanding of these dynamics in the specific market.

That concludes this month's Roundup. If you find articles or reports that you think should be included in the monthly Roundup, please send them our way. Stay safe and healthy!