Academic Articles and Reports Roundup July 2014

July was a slower month in terms of volume of reports and articles being published, but nonetheless, some very important pieces came out. So check them out!

Shaudi Bazzaz and Suzanne Delbanco for Catalyst for Payment Reform issued their latest report – State Policies on Provider Market Power. Members of the Source team contributed research and legal analysis to the development of this report. The report provides information on state legislation, regulation and other efforts to promote competition in healthcare for all fifty states. The report also provides information on the latest trends including antitrust-related laws, price transparency legislation and regulations, Department of Insurance regulations, pricing regulations, and laws and regulations governing ACOs. The authors also conducted interviews with key policy officials from especially active states to discover the latest trends in those states that go beyond legislation and regulation. Overall, the report is quite a comprehensive look at current state efforts to promote healthcare competition.

In my favorite opinion piece of the month, Dan Diamond continued his Road to Reform series for California HealthLine with Hospital Mergers are Out, Strategic Alliances are In. Is Obamacare to Responsible? While mergers per year are up substantially (more than double from 2009 (50) to 2012 (105)), Diamond accurately points out the growing trend of affiliations, alliances, joint ventures and other "non-merger mergers" that are popping up all over the health care landscape. For instance, late July saw Dignity Health, Ascension, and Tenet Health agree to a joint venture, which is important because they are three of the largest hospital systems in the country. One reason for the uptick in "non-

mergers" is the increase in FTC scrutiny of healthcare related mergers that we've started to see in the last few years. Interestingly, the incentives to align are creating unlikely bedfellows out of strong academic medical centers (like Yale, the Cleveland Clinic, and Duke) and large for-profit organizations (like Tenet, Community Health Systems, and Life Point). Hopefully, these alliances will improve efficiency and quality of care for patients, but that remains to be seen. The FTC has said that it will look at each case on an individual basis.

Thomas Tsai and Ashish Jha published *Hospital Consolidation, Competition and Quality: Is Bigger Necessarily Better?* in the July 2nd issue of the Journal of the American Medical Association (JAMA). This brief, but interesting, viewpoint piece acknowledges the dramatic increase of hospital mergers and examines the arguments on either side of the debate over whether such mergers will drive costs up or improve efficiency. Hospitals argue that mergers will result in high-volume entities with better outcomes, more integrated care, and entities that have the financial strength to make substantial investments in infrastructure. The authors point out that none of these three justifications is necessarily a byproduct of a merger. Instead, they argue that policymakers should create incentives for hospitals to improve quality and efficiency, integrate their systems, and reduce costs, rather than relying on mergers to do so. Their bottom line – "Higher health care costs from decreased competition should not be the price society has to pay for high-quality health care." We agree.

Katherine Wilson of California Health Care Foundation published Health Care Costs 101, which details how much money is spent on healthcare in the United States, what is purchased, and who pays for it. Key findings for 2010 include that healthcare consumed 42% of the federal budget and 6% of all household income|those over 65 accounted for one-third of

healthcare costs, but only 13% of the population|and spending on women was 25% more than on men due to childbearing and those living over 85.

The New England Journal of Medicine (NEJM) published two articles in its July 10th issue on the release of Medicare data on physician utilization. In *The Medicare Physician Data-Release*, Niall Brennan, Patrick H. Conway, and Marilyn Tavenner, discuss the impact of CMS' disclosure of nearly 10 million Medicare payment records that specify individual physicians by name, geographic location, practice type, and Medicare participation status. The authors contextualize that release of information as part of a larger strategy to create a more transparent government by the Obama Administration, and argue that overall it will have a positive impact by shedding light on payment for a substantial portion of our healthcare system. The companion piece, *Caution Advised: Medicare's Physician Data-Release*, by Patrick O'Gara argues that while it would have been futile to try to avoid the release, the limitations of the data must be understood in order to place its meaning into appropriate context. Some of the most important caveats include: 1) errors in claim submission, which are common, are not accounted for|2) the data are not risk-adjusted to show the complexity and severity of patient mix|and 3) the data do not include an assessment of quality of care. Overall, it does not seem that these authors disagree with each other as much as while one feels the information might not be that useful to patients, the others think that overall, despite the potential problems with the data, it will provide useful insights to Medicare and the overarching system of healthcare payment as a whole.

For the policy wonks and economists among you, the July issue of the Journal of Health Economics had two articles of interest. Harvard Medical School's Thomas McGuire, Joseph Newhouse, Sharon-Lise Normand, Julie Shi, and Samuel Zuvekas published their latest article *Assessing incentives for*

service-level selection in private health insurance exchanges. This article examines the incentives created by adverse selection among health plan offerings on the health exchanges. The authors conclude that the incentives created by adverse selection may lead plans to skimp on cancer care, mental health and substance abuse treatments. Marcus Dillender also published *Do more health insurance options lead to higher wages? Evidence from states extending dependent coverage*in the July issue. Dillender examines the labor market effects of extending dependent coverage to young adults age 26 and under. He finds that as a result of the extensions overall education increases, especially for young men|wages increase and largely persist even after individuals are no longer eligible for their parents' employers. Dillender argues that these wage increases can generally be explained by increases in human capital and workplace flexibility that arise from not having to rely on an employer for health insurance. Such a finding may suggest that further decoupling of insurance from employment could create increase wages in other cohorts as well.

Ron Haskins from the Brookings Institute published an interesting opinion piece titled Unrestrained Healthcare Spending Suffocates Our Growth, in which he questions the wisdom of cutting funding in Defense, NIH, and children's programs while keeping the pace of Medicare spending.

That's it for July, see you after August!