Academic Articles & Reports Roundup: November 2016

Happy December! We hope everyone got some rest and had a delicious feast over the Thanksgiving holiday. Our roundup of November academic articles and reports covers publications on the following issues: (1) the effect of the Supreme Court's decision in *Gobeille* on All-Payer Claims Databases (APCDs)|(2) pharmaceutical pricing|(3) price transparency tools' impact on consumer choice of hospital|and (4) cross-market hospital mergers.

APCDs

In *All-Payer Claims Databases – Uses and Expanded Prospects after Gobeille* (New England Journal of Medicine), John D. Freedman, Linda Green, and Bruce E. Landon discuss how the Supreme Court decision last term in *Gobeille v. Liberty Mutual* may—contrary to early speculation—actually improve states' potential to develop comprehensive All-Payer Claims Databases. The decision, which was issued in March 2016, had been largely considered a setback for APCDs because it prohibits states from requiring self-insured employer healthcare plans to report claims data—i.e., the key data collected by an APCD—to state agencies. The authors point out that, despite this prohibition on state action, *Gobeille* left open the possibility that the federal government could take over states' role with respect to APCDs. Specifically, the Department of Labor, which requires self-insured plans to report certain data, could pass on data to states. Based on the potential for the Department of Labor to aid states in developing APCDs, after *Gobeille,* APCD states and state health policy organizations have worked to craft a new recommended Department of Labor rule, which would establish a single national standard for claims data submitted by self-insured plans and expand the type of data reported. The recommendation will ultimately become a final rule, to be adopted by the Department of Labor. The authors also predict that fully-insured plans would similarly adopt this national standard. Creating a single national standard for reporting claims data will make the data submission process easier for insurers and simplify the analysis process for APCDs.

Drug Prices

Brady Huggett's article *America's Drug Problem* (Nature Biotechnology) does a nice job of bringing together several emerging issues on rising pharmaceutical prices, paying particular attention to the challenges in pricing biologic drugs. He points out that biologics cost more than conventional chemical drugs, and their rates of price increases are even higher. Some of the cost increases are caused by the special challenges in creating generic versions of biologics, known as biosimilars, because biologics are complex to replicate. But, as Huggett explains, others are due to instances of "evergreening" and "pay for delay" tactics in biologics manufacturers to avoid competition in the biologics market. This article includes a useful synthesis of research on trends in rising pharmaceutical costs more broadly, and views from patients, policymakers, and pharmaceutical industry insiders. Huggett highlights the complexities involved with solving the problem of high costs, and provides some insights about solutions, such as increased transparency about the market and legal forces shaping pharmaceutical pricing. In Huggett's discussion with Jeremy Levin, CEO of an orphan drug company and former CEO of generic giant Teva Pharmaceuticals, Levin predicted that if one pharmaceutical company moves toward more transparent pricing practices, it is likely to have a domino effect on other companies. Let's hope.

Price Transparency

Anna D. Sinaiko, Karen E. Joynt, and Source Advisory Board Member Meredith B. Rosenthal published *Association Between Viewing Health Care Price Information and Choice of Health Care Facility* (JAMA Internal Medicine), which reports on their study of how health insurer Aetna's web-based price transparency tool affected patients' choice of health care facilities for eight types of medical procedures and services. The study found that individuals who used the price transparency tool to research prices on imaging services spent less overall on those services, and that those using the tool to find sleep studies likewise chose healthcare facilities that offered that service for lower prices. The article notes that the consumers used the price transparency tool infrequently, at least in the initial period of the study, during which Aetna's tool was released. The authors suggest that this infrequency of use indicates that price transparency tools will only reduce overall healthcare costs if

consumers are encouraged to seek out pricing information and if barriers to accessing transparency tools are identified and eliminated.

Cross-Market Mergers

Joe Cantlupe's article *New Scrutiny for Hospital Mergers* (NEJM Catalyst) discusses the problems resulting from cross-market hospital mergers, and considers whether the FTC should turn towards reining them in. Cantlupe cites Leemore Dafny, Kate Ho and Robin Lee's March 2016 article, which defined a cross-market merger as the merger of two hospital systems more than 30 minutes apart. Ho and Lee's study found that cross-market hospital mergers resulted in price increases of about seven to ten percent when the merger was between two hospitals in the same state. Based on this research, Cantlupe recommends that the FTC turn its attention to cross-market mergers and their anticompetitive effects.

See you next month!