Academic Articles & Reports Roundup: December 2015

Happy New Year! As 2015 wrapped up, many interesting and comprehensive healthcare studies, on a variety of topics, yielded results that will likely propel healthcare research, policy, and legislation in the new year. At the heart of these studies were the ACA, healthcare cost and value, cost transparency, and hospital competition. Enjoy!

ACA

Positive ACA Effects

Health Affairs published *Affordable Care Act Provision Lowered Out-Of-Pocket Cost And Increased Colonoscopy Rates Among Men In Medicare*. The authors, two economists, analyzed colonoscopy rates pre- and post-ACA. The authors found that, post-ACA, annual colonoscopy rates among men aged 66-75 increased by 4%—which was a statistically significant amount. Moreover, the authors found some evidence that there may be even larger and more significant rate increases among socioeconomically disadvantaged men. They found no increases among women. The authors conclude from their findings that policy initiatives should continue to target colorectal screening cost in order to lower barriers to men pursuing such preventive screenings.

ACA Criticisms

On a different note, the Journal for American Physicians and Surgeons published an article entitled *Building the Infrastructure of the Affordable Care Act: Hillary Clinton, UnitedHealth Group/Optum, and the Center for American Progress*. In the article, Katharine Tillman, R.N., M.A., a health policy analyst and Medicare fraud investigator, criticizes the ACA and the Obama Administration's implementation of the law. She argues that the ACA is really just a "continuum of the Clinton attempt at creation of a universal health reform" and that the ACA—rather than lowering premiums and increasing insurance continuity, as promised—has instead resulted in

a “new monopolistic policy system, led by many from the Clinton-era team including executives from UnitedHealth and its substantially diverse group Optum.” She argues that regulatory advancements, “key players,” and relationships between these “interlocking” key players are to blame. Ms. Tillman concludes that the scope of the ACA is vast and that its execution could have been designed, by a powerful, elite group of politicians, insurance executives, and organizations straight out of the Clinton Administration. She warns that Americans’ health records and tax return data can now be used, under current regulatory schemes, to make “coercive” decisions about individuals’ medical care.

INCREASING HEALTHCARE VALUE

Anesthesiology Clinics published an article entitled *Examining Health Care Costs* in which three anesthesiologists examined the opportunities doctors have to provide value to intensive care patients. The authors argued that anesthesiologists are in a unique position to provide value-based care in post-operative and critical care settings since they have “superior knowledge” of triaging various healthcare needs at these critical times. The authors conclude that anesthesiologists should therefore lead critical care services and that their goal should be to improve ICU outcomes and decrease the rising costs of ICU medicine.

INSURANCE PREMIUMS

State Marketplaces

The Robert Wood Johnson Foundation published its *HIX Compare 2015-2016 Datasets*, a report and article that analyzed state marketplaces. HIX Compare is a public dataset of all health insurance plans offered through state marketplaces. The data shows changes in plan premiums and deductibles between 2015 and 2016 and is broken down by plan (Silver, Gold, Bronze, and overall). HIX Compare also presents data on who buys plans in state marketplaces, what plans cover, how much plans cost, out-of-pocket maximums, cost-sharing requirements, prescription drug costs, and emergency room services and inpatient and outpatient visits for all 50 states and the District of Columbia.

Then, Health Affairs published *Insurer Competition In Federally Run Marketplaces*

Is Associated With Lower Premiums, an article that analyzed insurer participation in and competition in state marketplaces. The authors found that the addition of a single insurer, in a county, was associated with a 1.2 % lower premium for the average silver plan member and a 3.5% lower premium for the benchmark plan (in federally-run marketplaces). The authors further found that these effects were "muted after two or three additional entrants." The authors conclude that increasing insurer participation in the federal marketplaces could reduce federal payments for premium subsidies.

Employer-sponsored Health Insurance

In the Health Affairs article, *Several Factors Responsible For The Recent Slowdown In Premium Growth In Employer-Sponsored Insurance*, economists and financial analysts studied the factors they believe are relevant to the recent premium growth slowdown and identified the factors they believe will continue to have an impact once the United States fully recovers from the 2007-09 economic recession. First, the authors found that the slowdown in premium rates, between 2001 and 2007, reflected the declining growth in per policy premiums. Next, the authors found that the slowdown that occurred between 2009 and 2011 was a result of declining employee enrollment in plans (likely due to decreased employment rates and, therefore, decreased eligibility rates). Finally, the authors found that in 2012 and 2013, policyholder premium growth slowed even more than in the preceding years. Like many other researchers, the authors ultimately concluded that a substantial portion of this post-recession slowdown remains unexplained, but they think that it's driven—at least in part—by the underlying cost of medical care.

PRICE TRANSPARENCY

Drug Prices

The U.S. Department of Health and Human Services (HHS), Office of the Inspector General (OIG) published a report entitled *Average Manufacturer Prices Increased Faster Than Inflation for Many Generic Drugs*. In response to a congressional request, OIG examined recent increases in the prices charged for generic drugs and the effect this increase has had on Medicare and Medicaid programs. OIG reviewed the top 200 generic drugs (as ranked by Medicaid reimbursement) for each year

from 2005 to 2014 and compared their increases based on each drug's average manufacturer price ("AMP"). Through its review, OIG found that generic drug price increases exceeded the specified statutory inflation factor for 22% of the drug AMPs reviewed and that, had the Medicaid drug rebate program extended to generic drugs during the time studied, Medicaid would have received $1.4 billion in additional rebates. In line with OIG's previous recommendations, the Bipartisan Budget Act of 2015 (P.L. No. 114-74) was enacted in November 2015, and certain of its provisions extend additional Medicaid rebates from brand-name drugs to generic drugs.

Further, the authors of *A retrospective study of direct cost to patients associated with the use of oral oncology medications for the treatment of multiple myeloma* found that specialty pharmacies helped patients reduce direct cost expenditures by establishing patient funding and copay assistance. The authors admit, however, that their study is severely limited by the fact that they only studied patients that received a specific therapy, from a single specialty pharmacy, and for one indication only|their study can only be generalized to a very small population.

Hospital Prices

The Healthcare Pricing Project and National Bureau of Economics published an article entitled *The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured*. The authors analyzed hospital prices—both within and across geographic regions—and the effect these price variations have on privately insured individuals. They found that: (1) health care spending for privately insured individuals varied across U.S. Hospital Referral Regions ("HRRs") by a factor of three|(2) this variation among HRRs is the primary driver of spending variation for the privately insured|(3) there is a large dispersion of inpatient hospital prices for seven "relatively homogenous procedures;" and (4) hospital prices are positively associated with hospital market power indicators. The authors conclude their paper by recommending "vigorous antitrust enforcement" and that hospitals make their prices transparent.

Service Prices

A Clinical Imaging article entitled *Public Transparency Websites for Radiology*

Practices: Prevalence of Price, Clinical Quality, and Service Quality Information found that at least eight websites are available for consumers to compare radiology centers' services prices and quality. The authors assessed these websites and found that they varied drastically on whether they report examination prices, hours of operation, patient satisfaction, ACR accreditation, on-site radiologists, parking, accessibility, waiting area amenities, same/next day reports, mammography follow-up rates, examination appropriateness, radiation dose, fellowship-trained radiologists, and advanced technologies. The authors concluded that these websites reported more on service prices than they did on quality, which in turn fosters price-based competition at the expense of quality.

Healthcare Prices, Generally

Professor Erin Fuse Brown wrote and published in the Hastings Law Journal, an article entitled, *Resurrecting Health Care Rate Regulation* that addresses healthcare price inflation in the big picture. In her article, Professor Fuse Brown argues that the only solution capable of addressing the "widespread and growing [healthcare] provider monopoly problem" in the United States is rate regulation. She further argues that price transparency and payment and delivery reforms—although more politically popular than rate regulation and admittedly capable of balancing "information asymmetries" and "principal-agent problems"—do not address the market power providers wield and will therefore ultimately be ineffective. Professor Fuse Brown concludes her article by recommending that rate regulation be resurrected and the aim of policy strategies moving forward.

HOSPITAL CONCENTRATION

The Washington University Law Review published an article on *The Evolution of Federal Courts' Healthcare Antitrust Analysis: Does the PPACA Spell the End to Hospital Mergers?* The article's author, an attorney, argues that a combination of ACA provisions (such as ACO implementation and the redefinition of charity care standards) and federal court merger cases will continue to subject hospital mergers to heightened scrutiny. He also cites other ACA effects, including: the 2010 Merger Guidelines|a change in the public (and courts') confidence and trust in nonprofit hospitals' business strategies and goals|and the FTC's ability and choice to challenge

“already consummated mergers” where there was direct evidence of increasing monopolistic prices.

In a similar vein, a report on *The Impact of Yale-New Haven Health System’s Expansion* reviewed he transformation and impact of Connecticut’s health care system as is transitioned from completely independent hospitals to multi-hospital systems. Five major hospital acquisitions are pending in Connecticut—one of which is Yale-New Haven Health System’s acquisition of Lawrence Memorial Health—an acquisition that could advance a monopolistic healthcare landscape in Connecticut.

The report’s authors urge public officials to consider the potential impacts of the acquisition and take three steps before the merger proceeds. First, the authors urge Connecticut state officials to conduct a cost and market analysis, per Senate Bill 811, even though the hospitals applied for merger approval prior to the passage of the law. Second, the authors urge Connecticut state officials to retrospectively consider the effects of Yale-New Haven’s 2012 takeover of the Hospital of St. Raphael had on Connecticut hospital price and patients. And, third, the authors urge state officials to look at Yale-New Haven’s relationship with Milford Hospital (a struggling hospital that recently closed a department and began leasing property to Yale-New Haven) and prospectively consider the impact it could have on the state’s healthcare system if Yale-New Haven decides to acquire Milford Hospital in the future.

See you next month!