

[In the Press] Interview Quoted in New Times San Luis Obispo Article



Executive Editor Jaime King was quoted in the 7/30/2020 New Times San Luis Obispo article [Big health: A look at how the Central Coast's two hospital systems shape local health care costs:](#)

"The data is incredibly clear on this," said Jaime King, a professor at [UC Hastings College of Law](#) who specializes in health care markets and policy. "Hospital mergers result in significant price increases almost immediately. Both entities' prices go up as a result. Neighboring hospitals' prices go up, too, as a shadow effect. It's having an even bigger effect in the overarching market."

As the systems grew outward, an increasing number of Central Coast physician groups, primary care centers, urgent cares, and other outpatient services joined Tenet and Dignity's umbrellas.

"That's where a lot of the growth is now focused," King said.

Chargemaster rates (the raw prices for all services, goods, and procedures) are rarely what patients and insurers end up paying for care. But they're often the starting point for negotiations with insurers and for other billing calculations.

"They are relevant," King said, "because oftentimes insurance companies negotiate a percentage off of the chargemaster. And they'll say, 'We negotiated 50 percent off the chargemaster.'

But what is the chargemaster? If the chargemaster is 500 percent of Medicare, that's still 250 percent above Medicare."

Sen. Monning's SB 977—introduced right before COVID-19 hit—would empower the Attorney General's Office to review for-profit hospital mergers and acquisitions under certain circumstances. Currently, the attorney general does not have purview over those private sector health care transactions, only nonprofit ones.

"There have been some market manipulations that have been anticompetitive," Monning told *New Times*. "SB 977 would give the AG [attorney general] oversight authority on certain designated transactions simply to review and make sure patients are protected. ... It's not going to shut down an ER."

King, the law professor at UC Hastings, echoed Monning's concern.

"COVID-19 has put a massive strain on small hospitals, on physician practices," she said. "People are going to the doctor less. The remaining independent entities are looking at either closing their doors or selling to a big hospital system that's going to allow for an influx of cash for them. I think we're going to see a lot more consolidation come out of this."