

# The Source Roundup: August 2021 Edition

The COVID-19 pandemic has caused the American healthcare system to undergo drastic changes in a matter of months. Coupled with a new presidential administration, the health care system is likely to evolve. The Biden administration has already taken action on a number of key health policy areas in which significant changes might occur. In light of these changes, health policy experts are thinking about what health care will look like in the post-pandemic world.

This month's Roundup covers new research on 1) the impact and benefits of the No Surprises Act, 2) merger and acquisition activity for 2021 Q2, 3) a public option to fill the Medicaid gap, 4) public opinion toward universal health care, and 5) the current state of health care cost and coverage.

## Price Transparency

Congress passed the No Surprises Act in December 2020, which prohibits most surprise out-of-network billing beginning in 2022. Researchers Jack Hoadley and Kevin Lucia analyze the impact of the new transparency rules in "[The No Surprises Act: A Bipartisan Achievement to Protect Consumers from Unexpected Medical Bills](#)." The article published in the Journal of Health Politics, Policy and Law provides an overview of surprise billing and how the new law seeks to protect consumers from this risk. It also describes the politics that enabled its passage and explores issues that will be important to assessing and understanding the law's long-term impact on health care costs.

Another recent study seeks to illustrate the potential benefits of the No Surprise Act by analyzing its impact on new

families. In a study published by JAMA Health Forum, researchers Kao-Ping Chua, A. Mark Fendrick, and Rena M. Conti discuss the "[Prevalence and Magnitude of Potential Surprise Bills for Childbirth](#)," finding that nearly one in five privately insured families with in-network child deliveries received potential surprise bills for maternal or newborn care. The study estimated that while the median total liability was \$744, about a third of families faced liability exceeding \$2,000 for surprise bills. Additionally, childbirth hospitalizations, which are often out-of-network, are the most frequent sources of surprise bills in the U.S. As the Biden administration takes steps to outlaw the practice, the authors conclude that new federal protections addressing this issue could benefit many families.

## **Healthcare Consolidation**

Analysis from Kaufmann Hall's "[M&A Quarterly Activity Report](#)" reveals a historically low number of healthcare mergers and acquisitions in Q2, but revenue remains high as health systems shift their focus from acquisitions of small, independent hospitals to regional partnerships. According to the report, the smaller number of transactions was offset by high-profile deals with seller revenues above \$500 million. Year-to-date, 2021's total transacted revenue, totaling \$17.2 billion, is the second-highest in recent years despite the low number of total transactions. The report notes that the trend toward regionalization proves the value of sharing resources within a defined region, as collaboration between local markets can expand local knowledge and lead to greater efficiency.

## **Health System Reform**

As of July 2021, twelve states have not expanded Medicaid as permitted by the Affordable Care Act (ACA), contributing to

5.8 million people with incomes below the federal poverty level being without healthcare coverage. One approach to extend coverage to this population is outlined in the Urban Institute brief "[Filling the Medicaid Gap with a Public Option](#)." According to policy experts John Holahan and Michael Simpson, turning to a public option to close the Medicaid coverage gap in non-expansion states would reduce annual federal spending by billions, compared to approaches using marketplace benchmark premiums. The report estimated spending and coverage under three existing or "improved" subsidy schedules, and explored how the effects of these reforms differ when they are based on ACA Marketplace benchmarks versus when they are available through a public option. The analysis found that using a public option instead of marketplace benchmark premiums would considerably reduce the costs of filling the Medicaid gap, as savings from the public option would lower federal subsidy spending.

The COVID-19 pandemic has also brought into focus the need for health care reforms that promote universal access to affordable care. Millions of Americans lost employer-sponsored coverage when COVID-19 disrupted their jobs, shaking the way many Americans viewed health care in their country. Researchers Ashley Fox, Yongjin Choi, Heather Lanthron, and Kevin Croke conducted a survey to examine the public opinion toward universal health coverage within this context in their research article "[Health Insurance Loss During COVID-19 Increases Support for Universal Health Coverage](#)," published by the Journal of Health Politics, Policy and Law. Using a "situational" versus "structural" framing of public opinion, the survey examined responses to both vicarious insurance loss and personal insurance loss. The survey found that an exposure to a message about COVID-related job and insurance loss induces modest change in support for Medicare for All, but that actual insurance losses are associated with significantly larger differences in support for universal health coverage options. These findings suggest that while appealing framing

can help, concrete benefits delivered by programs, rather than more effective messaging, are the most promising path toward generating a broader consensus around universal health coverage programs in the U.S.

## **Healthcare Costs**

Significant uncertainties remain in the winding course of the pandemic as to changes in the health care system that could impact health care costs. After a year of severe job disruption combined with a massive federal pandemic relief effort, researchers Sara R. Collins, Gabriella N. Aboulafla, and Munira Z. Gunja conducted a nationwide survey to seek answers to the question: "[As the Pandemic Eases, What is the State of Health Care Coverage and Affordability in the U.S.?](#)"

Among several survey highlights, the Commonwealth Fund report shows that more than half of U.S. adults who contracted COVID-19 or lost income during the pandemic also struggled with medical debt. Moreover, even as the pandemic eases and more people gain coverage, Black and Latinx/Hispanic adults face serious financial challenges from chronic lack of affordable health care. Medical cost burdens and racial disparities in health care have always existed, which suggests that these problems remain as chronic aspects of the U.S. health care system that may merely be exacerbated by economic and health crises. In light of these findings, the report proposes policies that would reduce the uninsured population and make health insurance more comprehensive.

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!