

The Source Roundup: February 2020 Edition

Happy February! Here at The Source, we are grateful for the extra day in February to give our readers time to catch up with the latest health policy analysis and literature. This edition of the Source Roundup looks at articles and reports on 1) how monopolies have hurt consumers and what states can do to combat hospital acquisitions and mergers, 2) how well states are doing to make health care affordable; 3) why a single-payer system is financially feasible; and 4) what the United States can learn from other countries' health systems.

Healthcare Markets and Competition

A new study in the *New England Journal of Medicine*, [Changes in Quality of Care After Hospitals Mergers and Acquisitions](#), reaffirms the argument that hospital mergers and acquisitions have an adverse impact on quality of care. Nancy D. Beaulieu et al. found a decline in patient experiences and no significant changes in readmission or mortality rates, yet prices for commercially insured patients have continued to increase. These findings are especially concerning as hospital mergers and acquisitions have increased over the past few years and have led to greater monopolies and higher prices.

In response to increased hospital consolidation and high health care prices, the Trump administration has proposed and enacted transparency and competition-focused measures that have failed to increase quality health care affordability.

The Urban Institute and UC Hastings College of the Law explore how states have stepped in to take corrective action in the joint report, [Addressing Health Care Market](#)

[Consolidation and High Prices: The Role of the States](#). The authors, including The Source's Advisory Board Member Robert Berenson, Executive Editor Jaime King, and Senior Health Policy Research Katie Gudisken, lay out several policy options to increase competition in provider markets and regulate prices directly. Some of the key findings from the report cover: (1) how strong and effective policymaking require access to comprehensible and reliable health care price and utilization data; (2) why states play a pivotal role in enforcing and enhancing competition in health care markets; and (3) how existing state regulatory structures have directly controlled health care spending and promoted competition. As emphasized in the report, states have the power and tools to mitigate the health care crisis by encouraging competition and implementing stronger regulations.

Healthcare Costs and Spending

States have experimented with many policies to ease healthcare financial burdens on consumers and their families. Research and consulting organization Altarum analyzed how successful states have been in their quest to make healthcare more affordable for their residents in the latest [Healthcare Affordability State Policy Scorecard](#). Each state is scored in the context of four healthcare policies: (1) extending coverage to all residents; (2) making out-of-pocket costs affordable; (3) reducing low-value care; and (4) addressing excess prices. Even in the highest scoring states with the lowest rates of affordability burden, a quarter of the adults still reported feeling financial pressure due to healthcare costs. Altarum applauds states with policies that have positively contributed to healthcare affordability, but also offers solutions to policymakers on where states can improve their weaknesses.

In another study on healthcare costs published in the *Annals*

of Internal Medicine, [Health Care Administrative Costs in the United States and Canada, 2017](#), David U. Himmelstein, Terry Campbell, and Steffie Woolhandler find the United States could save over \$600 billion in administrative costs if the country switched to a single-payer system, like Medicare For All. Some health care reform advocates have proposed a public option plan that allows consumers to choose between utilizing private insurers or Medicare, rather than abolishing the private option completely. However, one study shows a two-tiered public-private system is a watered-down solution and will not cut administrative waste as compared to a single-payer system.

Indeed, data shows our current private insurance-based, multi-payer system is inefficient and resulted in \$812 billion in administrative costs in 2017. While a single-payer system is not perfect, it certainly highlights the inefficiency of the status quo and an area of our health care system that must be resolved.

Health System Reform

As we head into the presidential primaries, the Democratic candidates have offered various promises to reform the current U.S. health care system. Vox published a new series that explore five foreign health systems that can serve as models for America's universal health care system, as part of the Commonwealth Fund-sponsored project, [Everybody Covered: What the US can Learn From Other Countries' Health Systems](#). First, the series look at Taiwan, which implemented a single-payer plan 25 years ago that provides comprehensive benefits and low co-pays. In comparison, Australia has a public-private hybrid health system which covers everyone but still offers private options. Similar to Obamacare, the Netherlands has universal private health insurance that is consistently rated one of the best in the world. Domestically, Maryland has a novel hospital budgeting scheme that caps payments to hospital annually to contain cost. Finally, the United Kingdom has a government-

sponsored system that provides free healthcare for most services to all legal residents. These systems have their respective challenges, but the United States can learn from other countries' successes and failures to create a system that provides quality healthcare for all.

Taking a closer look at Medicare For All, Micah Johnson, Sanjay Kishore, and Donald M. Berwick present a timely analysis and offer realistic policy design and implementation suggestions in the *Health Affairs* article, [Medicare For All: An Analysis of Key Policy Issues](#). The authors believe it is possible to pay for Medicare For All with existing public funds, shifting from a private health care spending framework to a public spending framework, and a combination of progressive taxes. Johnson et al. also point out existing payment approaches could help guide how to structure Medicare For All payment options, such as implementing global payments that start at a level similar to current spending or setting payment rates between current Medicare rates and average all-payer rates. Regardless of where you stand on the Medicare For All debate, we can all agree that implementation will require a significant overhaul of our health care system.

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. Happy reading!