

The Source Roundup: January 2022 Edition

Happy New Year! In this inaugural issue of 2022, we roundup articles and reports that you may have missed from the year end that examine various healthcare price and competition issues, including 1) an observational study on states' merger review powers and their effect and 2) a review of policy options for addressing the extent and impact of consolidation in California. In addition, we cover articles that examine 3) the correlation between prices disclosed under the new hospital price regulation with total costs of care among commercially insured individuals, 4) an enhanced approach to achieve price transparency, 5) disparities among Medicare and commercial negotiated prices for shoppable radiology services, and 6) findings of a survey on consumer adoption of telehealth.

Healthcare Consolidation and Competition

A team of researchers from The Source on Healthcare Price and Competition and UC Berkeley's Petris Center co-authored a new *Health Affairs* study that found [States' Merger Review Authority is Associated With States Challenging Hospital Mergers, But Prices Continue to Increase](#). Researchers reviewed a 10-year time period in which 862 hospital mergers were proposed and just 42, or 5%, were challenged by states. Among them, 25 of the challenges were headed by eight states where merger review authority was more robust. Even after the challenges, hospital prices in these states continued to rise at similar rates as other states, potentially because most challenges allowed mergers to proceed with conditions that did not adequately address competitive concerns. The authors conclude that although these findings do not reveal an optimal

state framework, examining these eight states further could provide valuable insights into how to improve merger review in the states.

In California, hospital, specialist physician, and insurer markets are heavily concentrated, leading to higher healthcare prices across the state. A new California Health Care Foundation issue brief, written by The Source's Katherine L. Gudiksen, Amy Y. Gu, and Jaime S. King, highlights that consolidation is not limited to any one health system, market segment, or geographic region in the state. The brief, [Markets or Monopolies? Considerations for the Addressing Health Care Consolidation in California](#), indicates that hospital markets, in particular, are now approaching "monopoly levels" in many California counties. In addition, there is mounting evidence that mergers of health care companies are resulting in increased prices for health care services, with "little to no improvement in quality," while also reducing wages for health workers. Given that states play a large role in regulating healthcare markets, California policymakers and state officials could consider additional scrutiny and intervention to mitigate the harmful impacts of high concentration. Specifically, the brief suggests requiring all health care transactions to obtain consent from the state attorney general prior to any transfer of a material amount of assets and expanding the authority of state regulatory agencies to include "affordability standards" when they review health insurance plans for sale in California.

Price Transparency

A new federal hospital price transparency rule administered by the Centers for Medicare & Medicaid Services (CMS) requires hospitals to publicly share negotiated prices for at least 300 services to encourage consumers to shop around when choosing healthcare facilities and practitioners, with the goal of

lowering healthcare spending. A study published in JAMA Network Open, however, found low compliance with the new rule. In [Concordance of Disclosed Hospital Prices With Total Reimbursements for Hospital-Based Care Among Commercially Insured Patients in the US](#), Michal Horný, Paul R. Shafer, and Stacie B. Dusetzina, write that the new CMS rule provides only a partial picture of the cost of care, limiting its value to patients trying to comparison shop. In a cross-sectional study of over 4.5 million hospital-based encounters for shoppable care in 2018, health care entities that billed for their services independently from the hospital were frequently involved in care delivery, and their reimbursements comprised substantial portions of the total costs of care. The disclosed hospital prices were weakly correlated with the reimbursements of independent health care entities. These findings suggest that prices disclosed under the new regulation may have limited value to patients attempting to make cost-conscious health care choices.

As Horný and coauthors point out, the inherent fragmentation of the health care system and design short-falls in the new CMS regulation suggest patients may receive incomplete information regarding the cost of shoppable health services. Also writing for JAMA Network, Ezekiel J. Emanuel and Amaya Diana contend that even if patients had a more complete cost picture, that would not lead to greater use of lower-cost, higher-quality services. In [Considering the Future of Price Transparency – Information Alone Is Not Sufficient](#), the authors argue that transparency alone would not create worthwhile change; instead, reform initiatives must focus on three components for successful health care transformation: information, infrastructure, and incentives. The article provides several policy recommendations tailored to fit this three-pronged approach, including: complementing price information with rigorous quality data, reference pricing, inclusive shared savings, and bundled payment models. In essence, to improve the efficiency and quality of the health

care system, publicly available price information must be integrated into the current infrastructure of the delivery system and paired with meaningful patient incentives to shift behavior and reduce costs.

Healthcare Costs

Recent analyses have discovered that many hospitals fail to comply with the price disclosure rule mandated by CMS. Radiology services look to be no exception. New study data from the Radiological Society of North America suggests that roughly two-thirds of U.S. hospitals have not published commercial negotiated prices for at least one of the 13 radiology services designated as a common shoppable service by CMS. In the report [Commercial Negotiated Prices for CMS-specified Shoppable Radiology Services in U.S. Hospitals](#), researchers John (Xuefeng) Jiang, Martin A. Makary, and Ge Bai reported their findings from their analysis of those that did report a price for one of the services (a mean 2,053 out of 5,700 hospitals, or 36%, as of September 2021). The study found that for hospitals that did share their radiology service commercial negotiated prices were dispersed throughout the country, often setting price tags that varied by hundreds or thousands of dollars for certain imaging services. The report notes that the median negotiated prices for commercial versus Medicare rates differed substantially for the exact same exam. CT scans of the brain or head, for example, had the highest median negotiated price range for Medicare, ranging from \$137 to \$813, while mammography had the lowest variance. On the commercial side, contrast-enhanced CT scans of the abdomen and pelvis had the greatest price range. While implementation of the transparency rule alone may not be sufficient to reduce healthcare costs, the study's findings on hospital pricing for shoppable radiology services suggest that greater transparency may help shed light on price differences to benefit payers.

Telehealth

Nearly two years into the COVID-19 pandemic, more consumers have used telehealth than ever before. In a new report from Rock Health, Jasmine DeSilva, Gabrielle Dell'Aquilo, and Megan Zweig conducted a digital health consumer adoption survey that asked 7,980 U.S. adults about their relationship with digital health. Their report, [Consumer Adoption of Telemedicine in 2021](#), revealed that in 2020, 53% of respondents indicated higher satisfaction with live video telemedicine compared to in-person interactions. However, in 2021, their satisfaction levels dropped to 43%. The authors claim one possible explanation for the drop in satisfaction is that people began to view telemedicine as an alternative to in-person care, rather than a necessary replacement for emergencies. The data suggests that as telemedicine becomes more nuanced, people will move away from monolithic views about the format and hold more complex views, highlighting the opportunity for innovators to compete on experience and outcomes.

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!