

# The Source Roundup: November 2023 Edition

## Healthcare Costs and Spending

- [A Study of the Cost of Care Provided in Physician Owned Hospitals Compared to Traditional Hospitals](#) (*Physician's Advocacy Institute and the Physicians Foundation*)

***Robert H. Aseltine and Gregory J. Matthews***

The Physician's Advocacy Institution and the Physicians Foundation released a new technical report summarizing their findings from an investigation comparing the cost of care patients across Medicare's 20 most expensive conditions in 2019 in physician owned hospitals (POHs) and traditional hospitals. The authors assessed the statistical similarities in cost, patient demographics, and comorbidity levels between hospitals in the same referral region to counter assertions that POHs selectively treat healthier and less costly patients. Ultimately, the authors suggest that POHs offer an opportunity to considerably lower the cost of care, and that substantial savings could be brought to the Medicare program if traditional hospitals provided care at the same cost as POHs in their area.

- [High U.S. Health Care Spending: Where Is It All Going?](#) (*The Commonwealth Fund*)

## ***Ani Turner, George Miller, and Elise Lowry***

This recently released issue brief assesses and identifies where the U.S. spends in excess of peer nations when it comes to health care. The group assessed spending factors including insurance administration, administrative costs borne by providers, prescription drugs, staff wages, and medical machinery and equipment. The U.S. has the potential to substantially reduce its healthcare spending if it can find and create reductions in its administrative burdens and drug costs.

- [\*\*Paying for It: How Health Care Costs and Medical Debt Are Making Americans Sicker and Poorer\*\*](#) (*The Commonwealth Fund*)

## ***Sara R. Collins, Shreya Roy, and Relebohile Masitha***

The 2023 Health Care Affordability Survey found that large shares of working-age American adults are struggling to afford health care and even go as far as not seeking care due to costs, regardless of their insurance coverage. Surveyors interviewed a national sample of almost 8,000 adults aged 19 years or older on their insurance coverage, cost-driven delays, and medical debt. The authors compiled a listing of over 25 policy suggestions that could be implemented at all levels of the health care marketplace to improve cost and accessibility for consumers.

- [\*\*2023 Employer Health Benefits Survey\*\*](#) (KFF)

## ***Gary Claxton, Matthew Rae, Aubrey Winger, and Emma Wager***

After nearly no growth in 2022, premiums for employee-

sponsored health insurance for family coverage rose over 7% to almost \$24,000 in 2023. KFF released findings from their 25th annual survey on employer-sponsored health coverage. The organization surveyed over 2,100 non-federal and private firms to study trends in employee-sponsored health coverage. Increased costs have raised concerns among one-quarter of the surveyed employers regarding the level of cost sharing that continues to be required by plans.

- [\*\*Health Benefits In 2023: Premiums Increase with Inflation And Employer Coverage In The Wake Of Dobbs\*\*](#) (*Health Affairs*)

***Gary Claxton, Matthew Rae, Anthony Damico, Emma Wager, Aubrey Winger, and Michelle Long***

Researchers from KFF summarized the findings of their 2023 Employer Health Benefits Survey in a new *Health Affairs* article that stressed the rise of premiums with inflation and employer reactions to abortion coverage following the *Dobbs* decision. This article explores trends in the cost of coverage and worker contributions, enrollment across plan types, enrollment in self-funded plans, cost sharing, coverage availability, employer practices and opinions, and employers' views of employee concerns over plan performance. Overall, employers have expressed an awareness that they need to continually assess their coverage in light of the emerging legal restrictions and availability of health services for employees surrounding abortions in the U.S..

## **Provider-Payer**

- [\*\*Q3 Update: Medicare Advantage Under the Spotlight in Payer-Provider Disputes\*\*](#) (*FTI Consulting – Strategic Communications*)

***Adam Broder, Citseko Staples Miller, and Paula Gutierrez***

FTI Consulting released the results from Q3 of their media report tracking project regarding reimbursement rate negotiations between healthcare providers and insurance companies. The study was conducted by searching news databases for articles regarding reimbursement negotiations that were published January 1, 2023, or later. Overall, the organization found that contract negotiations are becoming increasingly more public, and the number of communities affected by payer-provider discussions is growing throughout the country.

## **Price Transparency**

- [\*\*Improving Out-Of-Pocket Cost Transparency In The Emergency Department\*\*](#) (*Health Affairs*)

***Hannah K. Bassett, Reshma Gupta, and Renee Y. Hsia***

Americans are more likely to be impacted by increased out-of-pocket costs from emergency department (ED) visits when compared to other high-cost settings. Meaningful changes to the cost issues associated with ED visits require an

assessment and understanding of the upstream factors including the policy, technical, cultural, and care team infrastructure. Overall, the authors suggest that policy-driven cultural and technological shifts that increase patient access to meaningful cost information could be important factors in alleviating the burden created by high out-of-pocket costs from visits to the ED.

- [Transparency in Coverage Data and Variation in Prices for Common Health Care Services \(JAMA Health Forum\)](#)

***Benjamin L. Chartock, Kosali Simon, and Christopher M. Whaley***

In a first of its kind price transparency study, researchers analyzed public pricing data for seven healthcare services that occurred in October 2022 and found that payers' negotiated prices for these services varied between counties. The study analyzed prices between different parts of the U.S. for established patient office visits, high-severity emergency room visits, colonoscopies, lipid panels, lower-extremity MRIs, hip arthroplasties, and head or brain CTs without contrast. More studies are needed to understand the underlying causes of price variation in the healthcare market, particularly to pinpoint whether issues are stemming from variations in value, market power, or negotiation leverage.

## **Pharmaceuticals**

## **Reforming Pharmacy Benefit Managers – A Review of Bipartisan Legislation** (*The New England Journal of Medicine*)

***Christopher Cai and Benjamin N. Rome***

The authors discuss some of the legislation being considered to address issues with common pharmacy benefit manager (PBM) practices that contribute high prescription drug prices. They also acknowledge that these legislation alone might not be enough to meaningfully help rein in prescription drug spending.

- **Pharmacy Benefit Manager Pricing and Spread Pricing for High-Utilization Generic Drugs** (*JAMA Health Forum*)

***T. Joseph Mattingly II, Kenechukwu C. Ben-Umeh, and Ge Bai***

Wholesalers and pharmacies have come to rely on spread pricing – the act of PBMs charging clients a higher amount than is reimbursed to the pharmacy – despite numerous proposals and laws prohibiting the action. A novel study assessed the gross profit for entities in the pharmaceutical supply chain for high-utilization generic drugs and found that all but 29.9% of Medicare Part D dollars went to intermediary gross profits for 45 high-utilization generic drugs. The authors posit that while it's unclear whether policies preventing spread pricing will lower drug spending or strengthen the supply chain for generics, practices limiting spread pricing could theoretically lower claim-level revenue for PBMs.

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