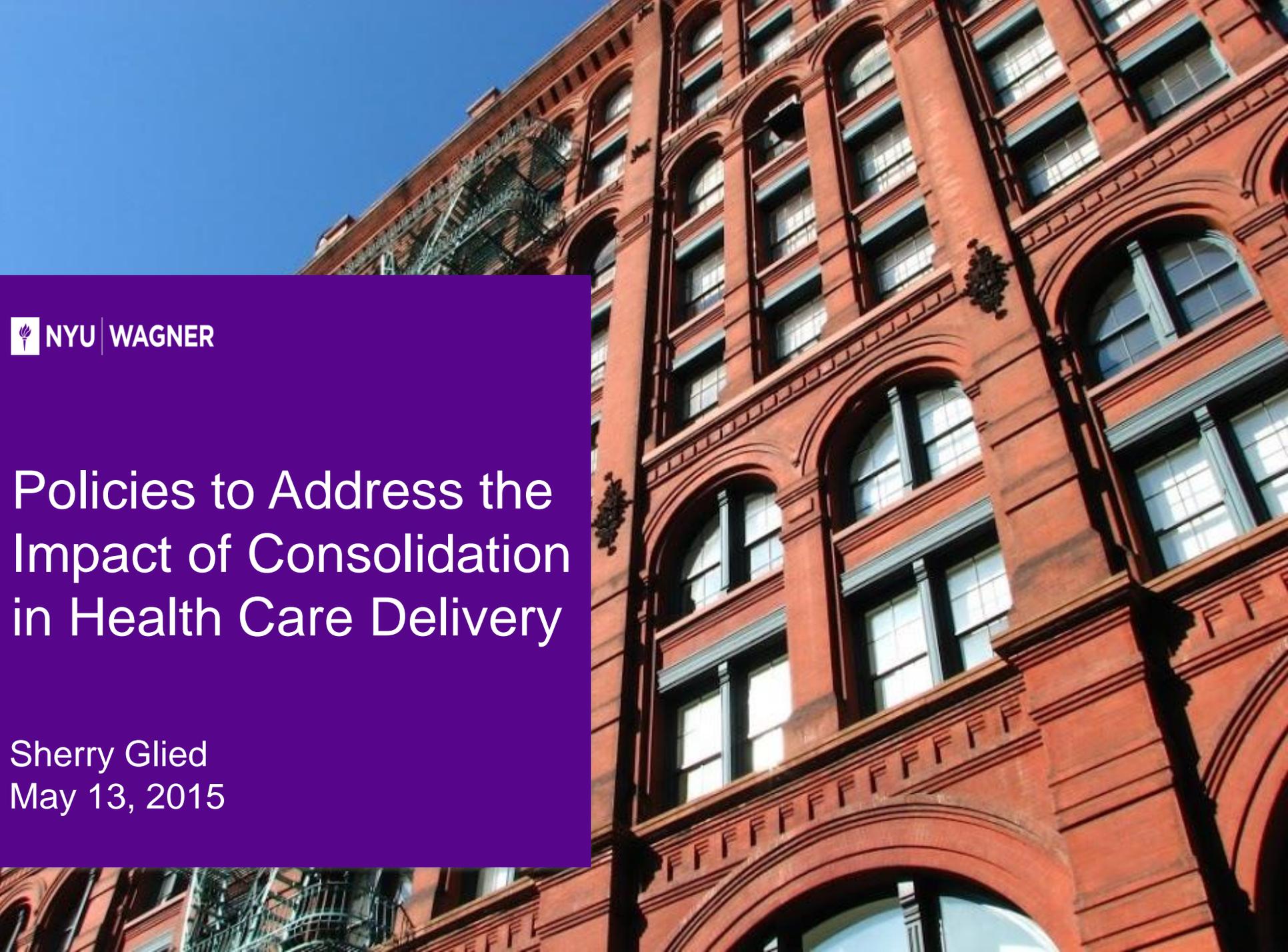




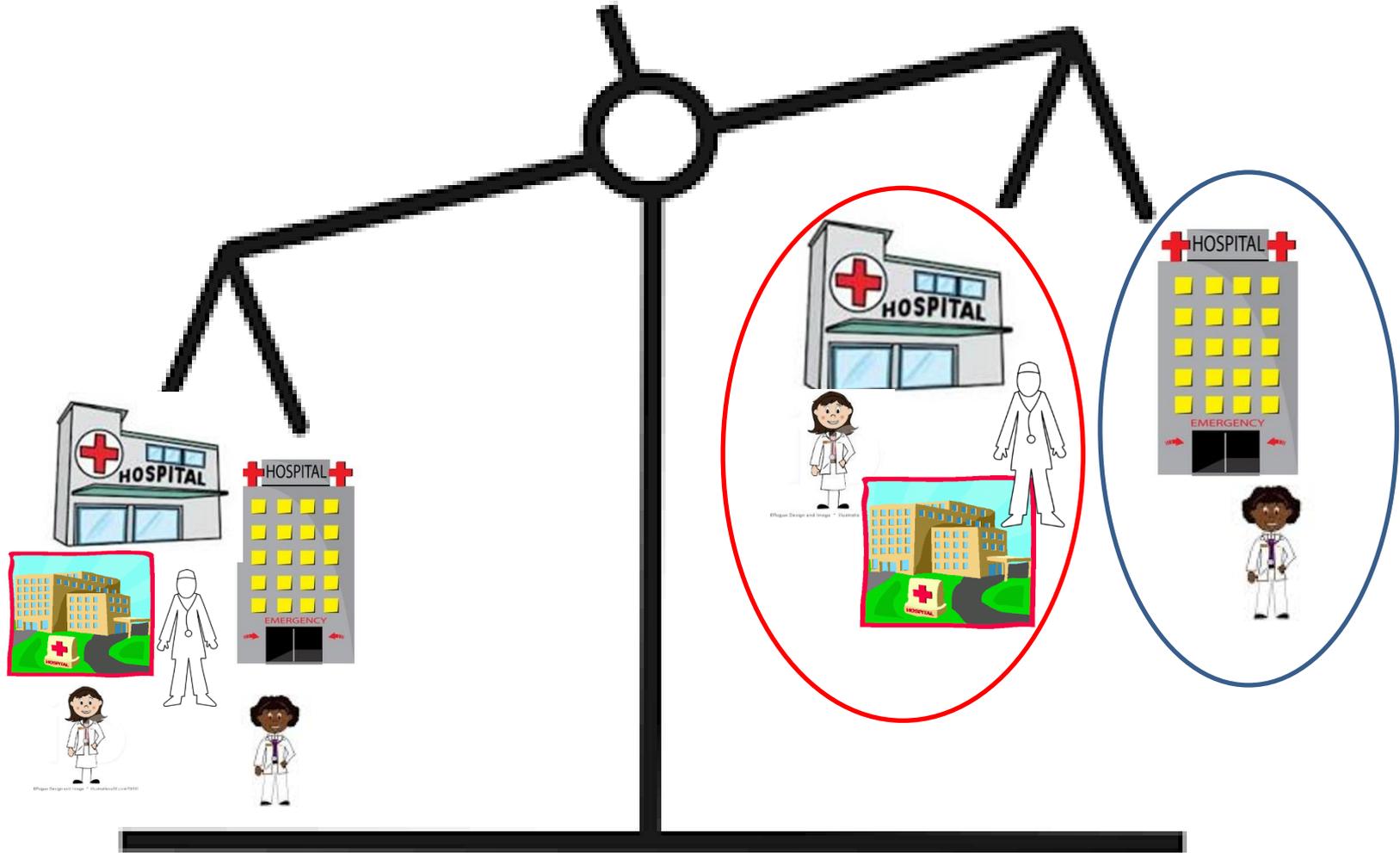
NYU | WAGNER

Policies to Address the Impact of Consolidation in Health Care Delivery

Sherry Glied
May 13, 2015



Integration vs. Competition



Balancing Offsetting Considerations

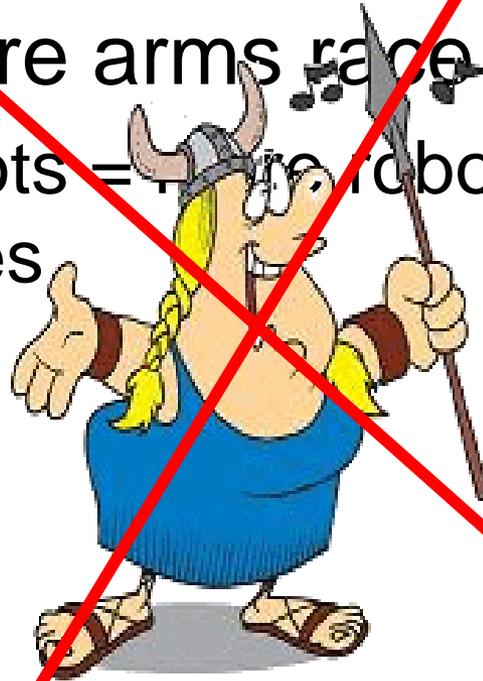
- Pro-consolidation
 - Integrated delivery benefits
 - Limits medical arms race
- Anti-consolidation
 - Market efficiency (quality)
 - Pricing power

Private	Medicare
✓?	✓
✓	✓
✓	✓
✓	



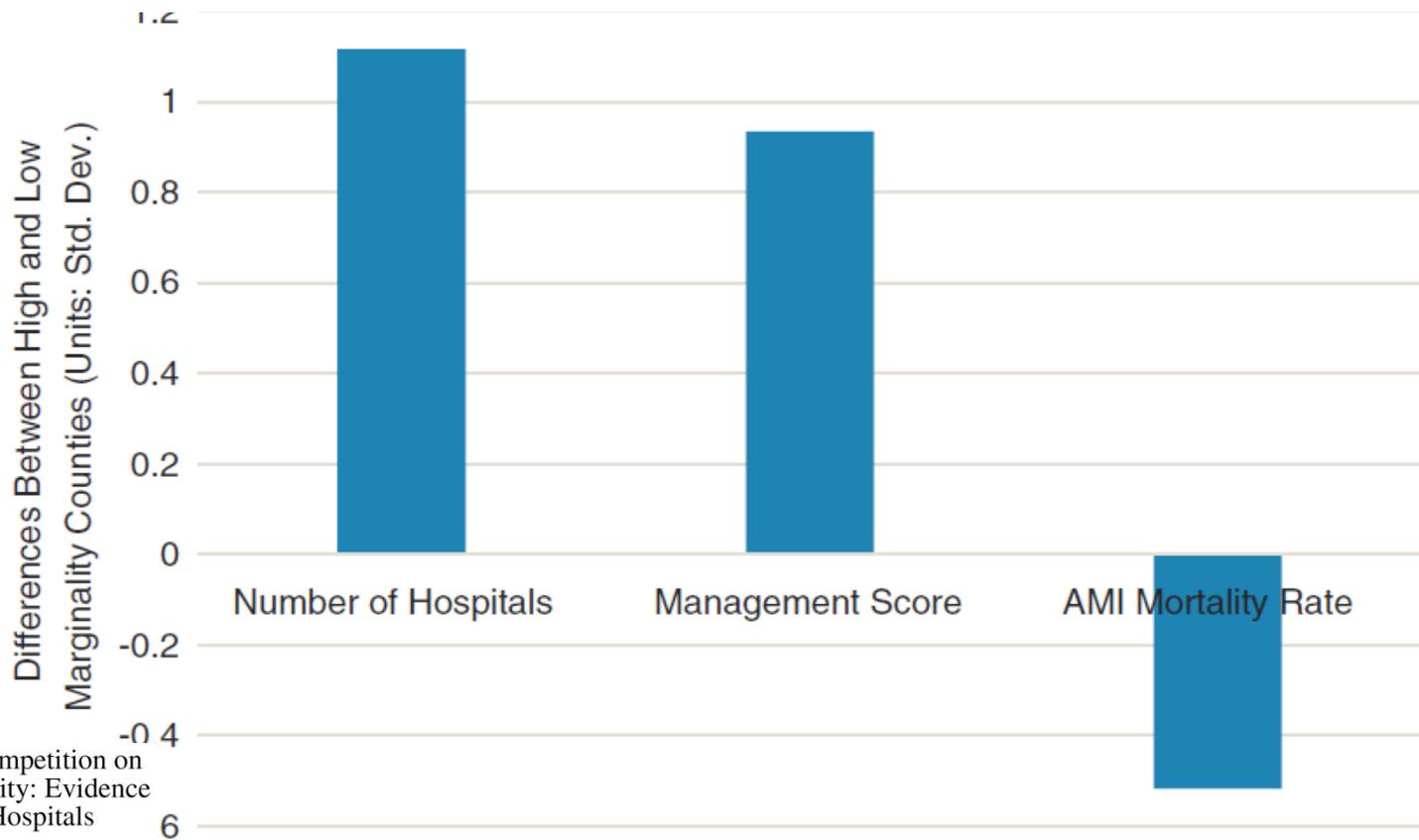
What do we know?

- ~~Medical care arms race~~
 - More robots = more robots = more procedures



What do we know?

Competition, Management, Quality



The Impact of Competition on
Management Quality: Evidence
from Public Hospitals

NICHOLAS BLOOM

Stanford University, NBER, Centre for Economic Performance and CEPR

CAROL PROPPER

Imperial College, CMPO University of Bristol and CEPR

STEPHAN SEILER

Stanford University, Centre for Economic Performance

and

JOHN VAN REENEN

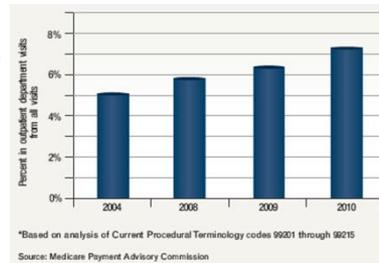
London School of Economics, Centre for Economic Performance, NBER and CEPR

Policy Options

- Reinforce Competition
 - Antitrust enforcement
 - Transparency
 - Narrowing anti-competitive rules
- More Regulatory options
 - Upper limits on negotiated rates
 - All-payer rate setting

Balancing Offsetting Considerations

- Pro-competition
 - Theory is strong **but evidence is weak**
 - Success depends on acceptance of narrow networks **Marketplaces ✓ Employers ?**
 - Not suitable everywhere **39% → 1 hospital in HSA**
- More regulatory
 - Theory?? **evidence?**
 - Methods?



Location	Health Spending per Capita
Delaware	\$8,480
Maryland	\$7,492
New Jersey	\$7,583
Pennsylvania	\$7,730
Virginia	\$6,286

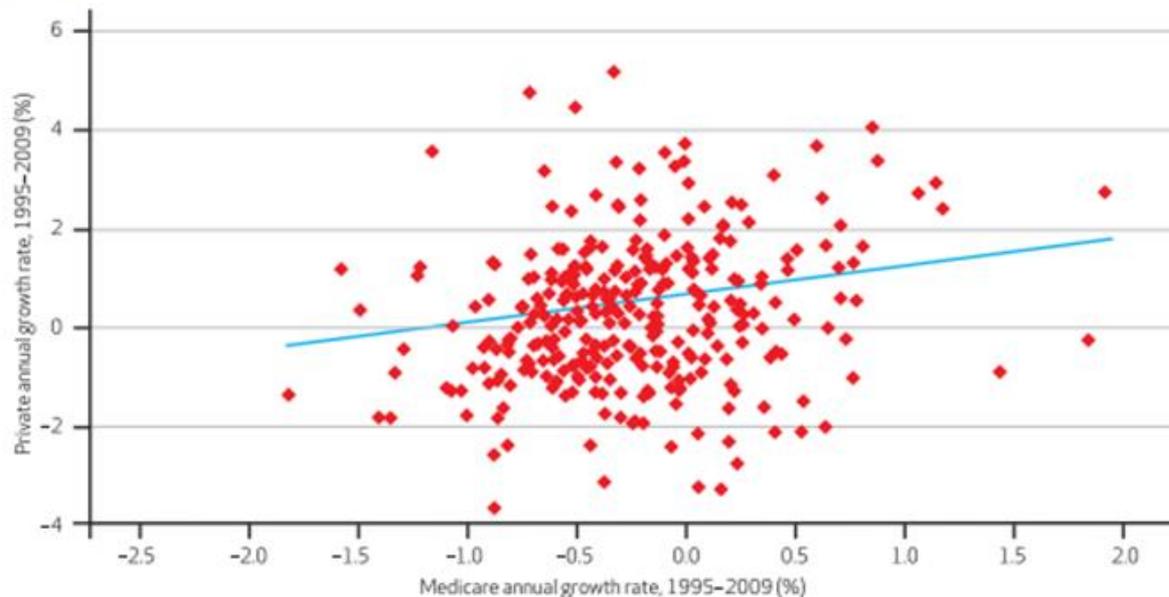


Balancing Offsetting Considerations

- Rate-setting and cost-shifting??

EXHIBIT 2

Annual Payment Rate Growth Rates Per Discharge For Medicare And Private Insurers, Adjusted For Input Costs, 1995-2009



Cite this article as:

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Contrary To Cost-Shift Theory, Lower Medicare Hospital Payment Rates For Inpatient

Care Lead To Lower Private Payment Rates

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Thank you!

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