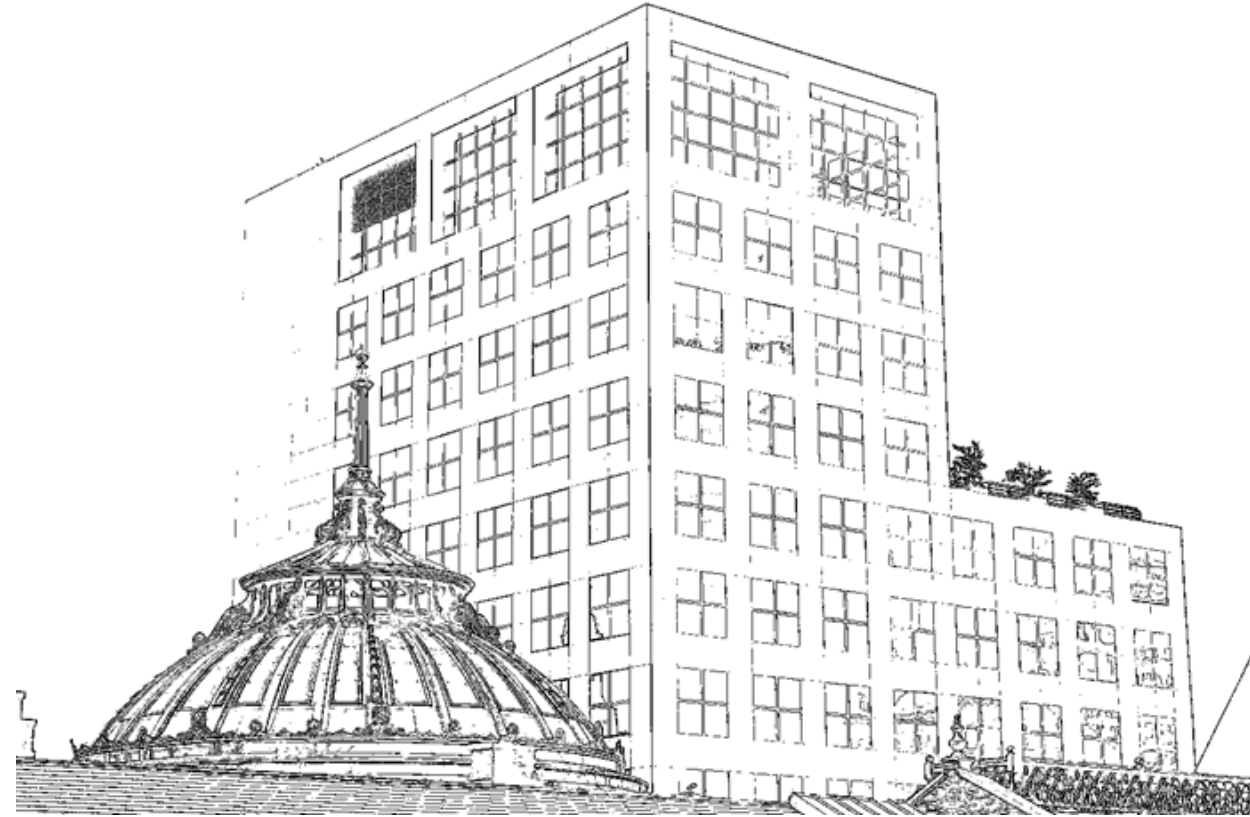


CAHPR CENTER FOR ADVANCING HEALTH POLICY THROUGH RESEARCH



This newsletter contains recent research and other resources from the Brown University Center for Advancing Health Policy through Research (CAHPR).

RESEARCH HIGHLIGHT OF THE QUARTER

What's the impact of hospital price caps?

The US spends more than twice what other developed countries do on health care, leading many state policymakers to consider adopting strategies to address commercial prices. In October 2019, the Oregon state employee plan instituted a cap on hospital payments. In a study published in [Health Affairs](#), CAHPR researchers analyzed the potential impact of these caps. They found that the cap led to a small reduction in inpatient facility prices (3%) and a significant decrease in outpatient facility prices (25%), leading to an **estimated \$107.5 million in savings** to the state employee plan over the first two years.

HEALTH CARE MARKETS

Private Equity funds grow physician practices through aggressive consolidation, exiting investments by selling to other PE funds in 3 years

Researchers at CAHPR examined the lifecycle of private equity (PE) investments in physician practices and found that over half (51.6%) of PE-acquired physician practices underwent an exit within 3 years after initial PE investment. Published in [Health Affairs Scholar](#), the article shows that PE funds predominantly exited investments by reselling physician practices to other PE funds. Between investment and exit, PE funds undertake a rapid pace of add-on consolidation, increasing the number of physician practices under PE ownership by 595% in 3 years.

Potential policy options to address private equity growth

Healthcare spending per capita in the US has surged from \$8,877 to \$13,493 between 2012 and 2022, which can be largely attributed to health care consolidation. PE has significantly entered health care markets over the past two decades, expediting consolidation across various sectors, including healthcare providers. This [CAHPR policy brief](#) highlights PE behavior and impact while **providing potential policy options to tackle PE's growing influence in healthcare.**

Hospital prices for physician-administered drugs

Prescription drug prices in the US are higher than in any other country, leading to affordability challenges and reduced patient access. This study published in [The New England Journal of Medicine](#), looked at patients in the US who had drug infusions to see what amounts were paid by providers to drug manufacturers. **They found that price markups at hospitals eligible for 340B discounts were 6.59 times higher** than those in independent physician practices. Moreover, hospitals that participated in the 340B discounts program received large markups and generated a great share of insurer's spending on physician-administered drugs for patients with private insurance, **retaining 64.3% of insurer drug expenditures.**

Hospital-physician Integration could lead to reduced availability of primary care services

Hospital-physician vertical integration has increased rapidly in recent years and has been associated with increased per-patient spending among Traditional Medicare (TM) patients. This study published in [Health Services Research](#) aimed to test the effect of hospital-physician integration on primary care physicians' (PCP) clinical volume in TM. They found that **after integration with a hospital, the TM volume of per-physician patients declined substantially.** Reduced availability of primary care services could strain access for patients in TM.

Clinic leaders face barriers to improving value in a consumer choice health plan design

Primary care clinics are a frequent focus of policy initiatives to improve the value of health care. This [Health Affairs Scholar](#) paper reports on a qualitative study to assess barriers faced by clinic leaders in minimizing costs within a tiered cost-sharing commercial health insurance plan which incentivizes both consumers and clinics to lower costs. They identified six key themes that emerged as barriers to improving efficiency in primary care clinics.

MEDICARE ADVANTAGE

Medicare Advantage plans are not sensitive to modest changes in payment rates

Medicare Advantage (MA) has grown in popularity, but critics believe that insurers are overpaid, partially due to the quartile adjustment system that determines plan benchmarks. In this study published in the [JAMA Health Forum](#), CAHPR researchers examined whether the quartile adjustment system is associated with differences in county-level benefits, insurer offerings, and MA enrollment. The study found that MA insurers are not sensitive to payment differences due to quartile adjustments and hence **modifications to the quartile adjustment system may generate savings for the Medicare program without significant changes to benefits, offerings, and enrollment.**

Traditionally Underserved Medicare Advantage Beneficiaries are More Likely to Enroll in Plans That Offer Comprehensive Benefits

In this study by CAHPR researchers, they aimed to identify if racial and ethnic minority groups and lower-income MA beneficiaries prefer plans with dental, vision, or hearing benefits. This study published in [JAMA Health Forum](#), found that non-Hispanic Black individuals, individuals with lower income, and individuals with lower educational attainment were more likely to enroll in plans offering dental or vision benefits

Medicare Advantage Enrollees with Mental Health Symptoms Had Fewer Mental Health Visits Than Traditional Medicare Enrollees

Mental health symptoms are a pervasive and costly challenge for Medicare beneficiaries. This study published in the [American Journal of Geriatric Psychiatry](#), assessed the differences in spending and utilization and financial hardship between TM and MA enrollees with mental health symptoms. They found that **MA enrollees with mental health symptoms were less likely to have a specialty mental health visit and had high out-of-pocket spending.**

Other Research

- [Medical Spending Among US Households With Children With a Mental Health Condition Between 2017 and 2021](#)
- [Social Risk and Dialysis Facility Performance in the First Year of the ESRD Treatment Choices Model](#)
- [Emergency Department Use Disparities Among Transgender and Cisgender Medicare Beneficiaries, 2011-2020](#)

Recent Commentaries & Media Engagements

Medicare

- [2025 Medicare Advantage Advance Notice: Small Changes, Missed Opportunities - Health Affairs Forefront](#)
- [Older Americans say they feel trapped in Medicare Advantage plans - NPR](#)
- [HCA reports almost \\$1 billion more in charity care to Medicare than to its shareholders, drawing more taxpayer money - STAT News](#)

Health Care Markets & Consolidation

- [FTC poised to shake up health care - POLITICO Pulse](#)
- [Congress Has The Opportunity To Deliver Health Care Price Transparency - Health Affairs Forefront](#)
- [Big corporations are quietly taking over your medical practice. Some doctors and experts say it's ruining healthcare- Business Insider](#)
- [Private equity is buying up health care, but the real problem is why doctors are selling - The Hill](#)
- [Opinion | Private equity firms are gnawing away at U.S. healthcare - The Washington Post](#)
- [UnitedHealth is on a buying spree of outpatient surgery centers - STAT News](#)
- [Hospital care costs are out of control. Price caps can help - STAT News](#)

Grants & Awards

- [2024 Salomon Awards | Spillover Effects of Private Equity Acquisitions of Physician Practices: Implications for Access to Care | Dr. Yashaswini Singh](#)
- [NIHCM Grant | Spillover effects from private equity acquisitions in the health care sector](#)
- [2024 NIHCM research award finalist! Chris Whaley and colleagues for research on Private equity and healthcare firm behavior: Evidence from ambulatory surgery centers](#)

Recent Events

March 6, 2024

- Erin C. Fuse Brown Participates in a [FTC Workshop on Private Equity in Health Care](#)
- DC Launch Event - [The Rise of Medicare Advantage and What Comes Next](#)

February 28, 2024

- [Regulating the Health Care Landscape in Rhode Island](#) with Attorney General Peter Neronha



CAHPR is an evidence-based, nonpartisan research and policy center that aims to make fundamental contributions toward understanding and developing policies that will lower spending growth, improve patient outcomes, and drive structural change in healthcare delivery in the US. Learn more about us at <https://cahpr.sph.brown.edu/>.

If you have questions about our research, would like to request briefs and reports, or engage with the center's investigators, please contact Jared Perkins, Assistant Director of Health Policy Strategy, at jared_perkins@brown.edu.

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