



HEALTH CARE MARKETS

Shifting Referrals, Rising Costs: How Physician-Hospital Integration Impacts Medicare Spending

This article published in the *Journal of Public Health Economics* shows that physician-hospital vertical integration results in a 10% increase in referrals to higher-cost hospital outpatient departments (HOPDs) instead of lower-cost ambulatory surgery centers (ASCs). This shift leads to an estimated \$315 million increase in Medicare spending and a \$63.1 million rise in out-of-pocket costs for patients, with no significant improvement in care quality.

Supporting Independent Practices in a Value-Based Care Era

Value-based payment models have contributed to the decline of small independent physician practices, as these models require significant resources that smaller practices often lack. This has accelerated consolidation, with larger corporations acquiring smaller practices to participate in value-based contracts. This *JAMA Viewpoint* article highlights policy recommendations including offering subsidies, lowering participation thresholds, promoting physician-led ACOs, and simplifying administrative complexities to support independent practices and level the playing field between independent practices and larger, corporate-owned entities.

The Promise And Pitfalls Of Site-Neutral Payments In Medicare

This article published in *Health Affairs Forefront* explores the potential for site-neutral payment policies to reduce Medicare spending by equalizing payments for the same services across hospital outpatient departments (HOPDs) and non-hospital settings like ambulatory surgical centers (ASCs). Policies supporting site-neutral payments have garnered bipartisan attention however, challenges remain. The article highlights key policies, potential cost savings, challenges like the grandfathering provision, and common arguments about hospital financial stability and patient access, particularly in rural areas.

The Rise Of Health Care Consolidation And What To Do About It

Authors from CAHPR discuss how increasing consolidation in the U.S. health care system, driven by corporate ownership and private equity, has led to higher costs, reduced competition, and lower quality of care. The article published in *Health Affairs Forefront* outlines various policy solutions, such as strengthening antitrust enforcement, expanding site-neutral payments, improving price and ownership transparency, and investing in independent health care providers to promote competition and affordability while mitigating the negative impacts of consolidation.

The FTC's Noncompete Rule: Legal Challenges And Potential Solutions For Physician Markets

This *Health Affairs Forefront* article discusses the FTC's 2024 rule banning noncompete clauses in healthcare which aim to increase competition and improve care in health care markets, where noncompetes have the potential to hinder physician mobility, increase consolidation, and impact patient care. Despite these goals, legal challenges and loopholes, such as exemptions for senior executives, non-profit hospitals, and business sales, raise uncertainty about the rule which has now failed to be implemented. The article suggests potential federal and state policy solutions, including clarifying the FTC's authority and closing gaps, while also noting that some states are already moving to restrict noncompetes for physicians independently.

RELATED: This *New England Journal of Medicine Perspective* piece focuses on the Supreme Court's Loper Bright decision, which overturns the Chevron doctrine, shifting power from agencies to courts and raising concerns about regulatory uncertainty in health care. The authors highlight how this could lead to more industry-driven challenges, jeopardizing CMS and FDA regulations, and diminishing expert authority over technical health matters. The authors warn that this shift may harm public health and patient safety by prioritizing judicial over scientific expertise.

MEDICARE ADVANTAGE

Medicare Advantage Plan Terminations Reshape Insurance Choices for High-Risk Populations

This *JAMA Network Open* study explores the impact of Medicare Advantage (MA) contract terminations on beneficiary insurance choices. Analyzing data from 2016 to 2018, the authors found that 20.1% of MA enrollees switched to traditional Medicare (TM) after a contract termination. The study highlights significant disparities, with Black and dual-eligible beneficiaries experiencing the highest switch rates. Notably, beneficiaries with higher healthcare utilization—such as those with recent hospital, nursing home, or home health care use—were more likely to switch to TM. Among those who remained in MA, most chose higher-rated star plans without facing increased premiums. These findings underscore the need to address the potential disruptions in care and access resulting from MA contract terminations, particularly among vulnerable populations.

Growing adoption of nonmedical transportation benefits by Medicare Advantage plans

A study published in the *Journal of General Internal Medicine* explored the rising trend of MA plans offering nonmedical transportation (NMT) benefits, which help members with rides to places like grocery stores and gyms. The study found that from 2020 to 2023 the percentage of MA members with access to these benefits grew from 1.6% to 11.5%, and certain plans such as high-rated plans and special needs plans were more likely to provide NMT options. Over time, MA plans have reduced restrictions on NMT benefits, such as referrals and prior authorizations, reflecting a shift toward addressing social needs in healthcare.

Medicare Advantage Plan and Health System Vertical Integration: Exploring Enrollment Trends and Financial Implications

This study published in *JAMA Network Open* examines the rise of vertically integrated Medicare Advantage (MA) plans from 2011 to 2020, showing increased enrollment, especially among racial and ethnic minorities. Legacy-integrated MA plans had higher premiums (\$54.89 vs. \$30.67 in nonintegrated plans) and star ratings (4.6 vs. 3.5) but served older, healthier beneficiaries compared to nonintegrated and non-legacy integrated plans. While these legacy plans may provide better quality, they also come with higher costs for beneficiaries.

TRADITIONAL MEDICARE

How does Hospital-SNF Integration Affect Bundled Payment Participation?

A study published in *JAMA Network Open* examined the effects of hospital-Skilled Nursing Facility (SNF) integration on participation in Medicare's Bundled Payments for Care Improvement Advanced (BPCI-A) program. Results showed that integration led to a 4.7-percentage point reduction in participation in the major joint replacement of the lower extremity (MJRLE) episode but had no significant effect for other episodes like hip and femur procedures, sepsis, or stroke. This suggests that integration can influence a hospital's decision to participate in voluntary bundled payment programs, particularly when integration risks revenue from post-acute care. However, this influence appears to vary depending on the type of medical episode.

Are Changes To The Medicare Physician Fee Schedule Driving Value In US Health Care?

This *Health Affairs Forefront* article examines how the Medicare Physician Fee Schedule impacts U.S. health care, highlighting its role in driving high-cost, procedural-based care over primary care. While recent changes encourage value-based care through Alternative Payment Models (APMs), there are concerns about their effectiveness, suggesting that direct changes to the fee schedule—like increased payments for primary care services—could better align the supply of physicians with societal needs.

STATE HEALTH POLICY

The Impact of Oregon's Hospital Payment Cap: Balancing Savings and Service Surge

A study published in *JAMA Health Forum* found that Oregon's hospital payment cap led to a 9.5% reduction in out-of-pocket spending per outpatient procedure and a 4.8% increase in the number of outpatient procedures per enrollee. Although enrollees saved \$1.8 million, the increase in service use resulted in \$10.3 million in lost savings. While price caps reduce costs for patients, they can lead to higher healthcare utilization, offsetting some of the expected savings for the system.

CAHPR IN THE MEDIA

[Hospital Payment Caps: 'Band Aid' or Promising Cost-Control Solution? – AIS Health](#)

[Medicare Advantage plans got 'alarming' break from the U.S. government a decade ago: Here's why - Chicago Sun-Times](#)

[The profit-obsessed monster destroying American emergency rooms - Vox](#)

[Are Democrats Even a Little Serious About Stopping Private Equity? - The American Prospect](#)

[Hospital-SNF Integration and APM Participation - Harvard Medical School](#)

GRANTS & AWARDS



A Study of Private Equity Acquisitions of Maryland Health Care Providers

Dr. Yashaswini Singh, PhD, MPA is awarded a grant from the Maryland Health Care Commission to investigate the role of private equity in Maryland's health care market and formulate tailored policy recommendations to enhance oversight of the state's health care system.

Using Transparency in Coverage Data to Understand Health Care Price Variation

Drs. Christopher Whaley (Brown University) and Benjamin Chartock (Bentley University) are awarded a grant from the Robert Wood Johnson Foundation's "Health Data for Action" program to analyze health care price variation using Clarify Health's data. Their research will use statistical models to assess factors influencing price variation across providers, insurers, and markets.



2024 Award Finalists: NIHCM Foundation

Research done by Dr. Christopher Whaley and colleagues and published in the Journal of Health Economics is named as a NIHCM 2024 Research Award Finalist for their work exploring "Private equity and healthcare firm behavior: Evidence from ambulatory surgery centers".

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.