

# Health Care and Drug Price Variation in the U.S.

## Research Summaries & Highlights

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## Private Health Plans Pay Significantly Higher Hospital Prices Than Medicare, Varying Widely by State and Hospital.

This study highlights the significant price disparities that private health plans (with a focus on employer-sponsored health plans) pay for hospital services relative to Medicare across the United States. Key findings reveal that in 2022, commercial hospital prices averaged below 200% of Medicare prices in states like Arkansas, Iowa, and Massachusetts, while they exceeded 300% in states such as California, Florida, and New York. On average, **employers and private insurers paid 254% of what Medicare would have paid** for the same services at the same facilities. Employers need transparent and actionable price data to negotiate lower healthcare costs and ensure value for their employees.

[Read in RAND](#)

**As compared to ambulatory surgery centers (ASCs), prices paid in hospital outpatient departments (HOPDs) were significantly higher for common procedural complications** –54.9% for colonoscopy, 44.4% for arthroscopy, and 44.0% for cataract surgery—without a corresponding improvement in quality. Moreover, complication rates were similar or slightly higher in HOPDs as compared to ASCs. These findings suggest that higher costs in HOPDs are not justified by better outcomes, indicating potential avenues for savings with negotiating lower prices at HOPDs.

[Read in the American Journal of Managed Care](#)

## Hospital Facility Prices Declined as a Result of Oregon's Hospital Payment Cap.

In October 2019, the Oregon state employee plan instituted a cap on hospital payments. 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.

[Read in Health Affairs](#)

## Hospital Prices for Physician-Administered Drugs are Higher in 340B Discount Eligible Hospitals.

Prescription drug prices in the United States are higher than in any other country, leading to affordability challenges and reduced patient access. **Among US patients who had drug infusions, 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 program received large markups and generated a great share of insurers spending on

physician-administered drugs for patients with private insurance, retaining 64.3% of insurer drug expenditures.

[Read in the New England Journal of Medicine](#)

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