

Protecting Consumers From the Corporate Transformation of Health Care

A Continuum of Options for Policymakers

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**CENTER ON
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As corporations and private equity increasingly take control of our health care systems and profits take precedence over care, patients are caught in the middle. Health care has become a big business and the result has been unexpected bills and medical debt for patients, reduced quality of care, and higher system costs. There are multiple policy solutions that policymakers can pursue for a more fair, patient-focused health care system. These policies can shed light on problematic practices that harm patients, improve competition, and increase affordability. Some of these policies require government intervention and oversight. Others take a free-market approach.



A Continuum of Policy Options

There are three primary policy options that can help **improve affordability**, **enhance competition**, and **curtail excessive charges** by large corporate health systems:

- Promoting **transparency** of prices, ownership, and billing practices;
- Promoting **competition** among providers to reduce their market power; and
- Capping the level or growth rate of provider prices or **regulating billing practices**.

The [U.S. Congressional Budget Office has estimated](#) that promoting transparency, while requiring minimal government intervention, will have a minimal impact on health care affordability. They project that greater antitrust enforcement could have a small effect on affordability, while caps or regulation of provider prices would have a moderate to large impact on affordability.



Transparency
Smallest Price Reductions



**Anti-Trust Oversight/
Enforcement**



Price Regulation
Largest Price Reductions



Transparency

Policymakers have a range of options to promote greater transparency. These include:

- **Publishing reports.** Agency analyses about local market conditions, cost-drivers in the system, price outliers, and consumer pain points can educate the public and policymakers about systemic problems and help target policy solutions.
- **Establishing, or improving, state all-payer claims databases (APCDs).** These databases include medical, pharmacy, and dental claims collected from private and public payers. APCDs can be an important source of information about system costs. [More than 30 states](#) have or are considering establishing an APCD.
- **Requiring ownership transparency.** Requiring regular or transaction-based reporting about [changes in ownership](#) can help lift the veil on the entities with controlling interests in hospitals, nursing homes, physician practices, and other health care providers.
- **Requiring billing location transparency.** Requiring off-campus outpatient offices to use a unique national provider identifier (NPI) when filing claims would [reveal patient care locations](#) and help insurers understand the total price for each episode of care. This enables better price negotiations and gives policymakers insight into payment rate variations and the potential impact of price regulation proposals.
- **Enforcing and building on federal price transparency.** Federal rules require hospitals and insurers to publicly post files that detail their charges and negotiated reimbursement rates. [With improvements](#), these data could be an important source of information about cost drivers, cost outliers, and the market power of providers and payers.



Promoting Competition and Antitrust Enforcement

Policymakers have a range of options to support healthier markets and promote competition. These include:

- **Increasing antitrust enforcement.** [Policies can expand](#) the range of reviewable transactions, require prior notice of such transactions, empower regulators to block transactions without a court order, and increase resources for antitrust regulators.
- **Prohibiting anti-competitive contracting.** Many providers use market power to require clauses in provider-payer contracts that limit competition and increase costs for commercial insurers and ultimately consumers. These include all-or-nothing, anti-steering/anti-tiering, and most-favored-nation provisions. [Prohibiting such anti-competitive terms](#) can boost competition and help bring costs down.
- **Increasing market oversight.** Many states require entities to report health care transactions to a state agency or state oversight body. These [entities can be empowered](#) to review and estimate the anti-competitive effects of transactions, as well as approve, approve with conditions, or disapprove transactions.



Price and Billing Regulation

Policymakers have a range of options to constrain price gouging and inappropriate billing practices. These include:

- **Establishing a cost-growth target or benchmark.** Several states have established [targets for reasonable health care cost growth](#), are collecting data on their spending, and identifying cost-growth drivers. Some states are holding providers and payers accountable if they fail to reach those targets.
- **Banning facility fees or requiring site neutral payments.** States have [banned facility fee charges](#) in some circumstances. [States are also considering legislation](#) requiring hospitals and outpatient providers to bill commercial insurance no more than a set multiple of Medicare rates for certain services to ensure site-neutral payments.
- **Establishing a public option health plan.** Three states have established [public option health plans](#) that make premiums more affordable by adjusting provider prices.
- **Implementing or expanding reference pricing.** Several states have established a cap or [reference price](#) for provider reimbursement rates in their state employee health plans.
- **Enhancing health insurance rate review programs.** [States can leverage their insurance department's](#) annual rate review process to constrain the growth of health care cost drivers. Rhode Island's program has resulted in [significant consumer savings](#).
- **Implementing all-payer rate setting or hospital global budgeting.** Maryland has [all-payer rate setting](#) for hospital inpatient services. Delaware has recently enacted [price growth caps](#) for hospital providers. Depending on their design and implementation, such efforts can lead to [significant improvements](#) in health care affordability.

Additional Resources

Learn more about [how to support consumers and confront problematic billing practices](#).

Learn more about [how corporatization has transformed your local health care market](#).

For recordings of our webinar series on the corporate transformation of health care visit the [Center on Health Reforms YouTube channel](#).

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