

Provider Integration and Consolidation and Healthcare Prices and Use

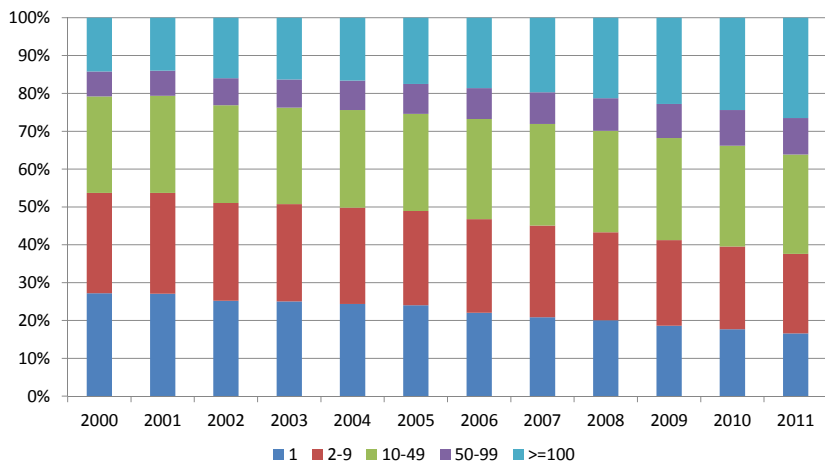
Laurence Baker

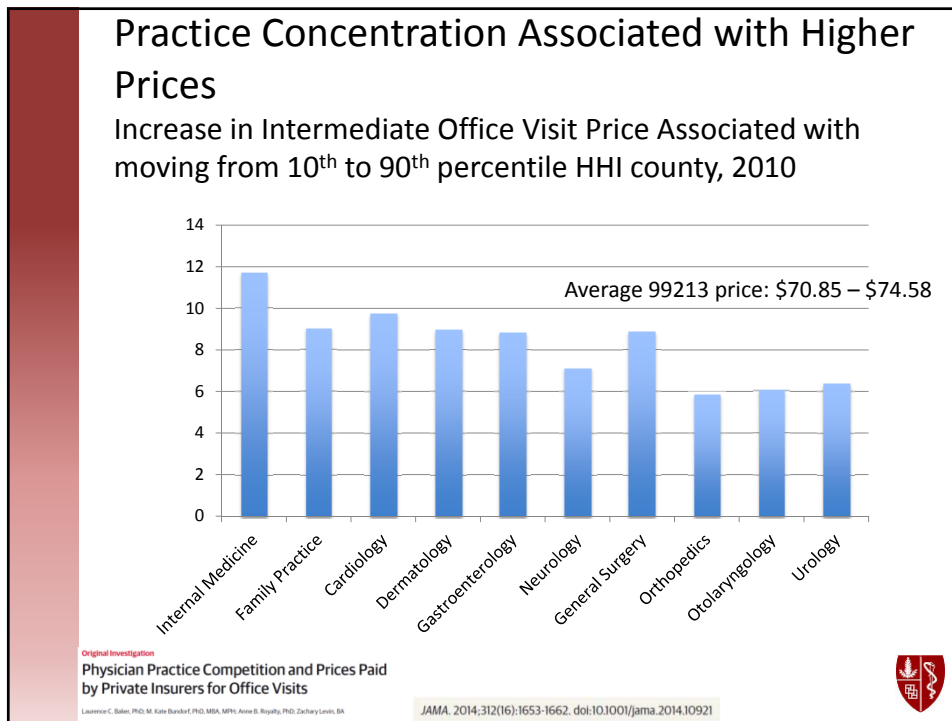
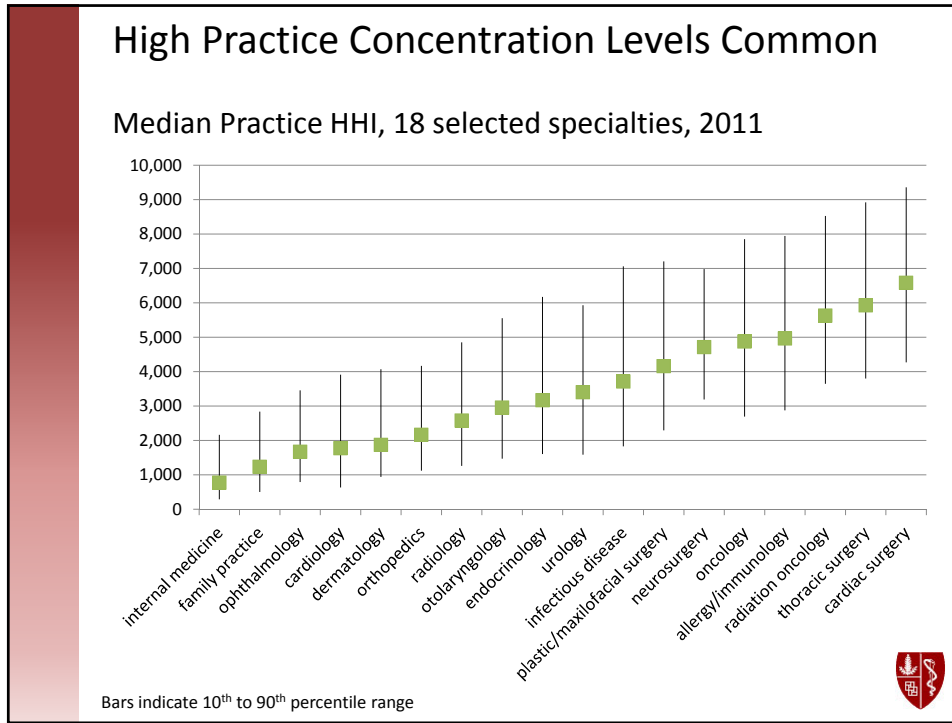
Alliance for Health Reform
November 2015

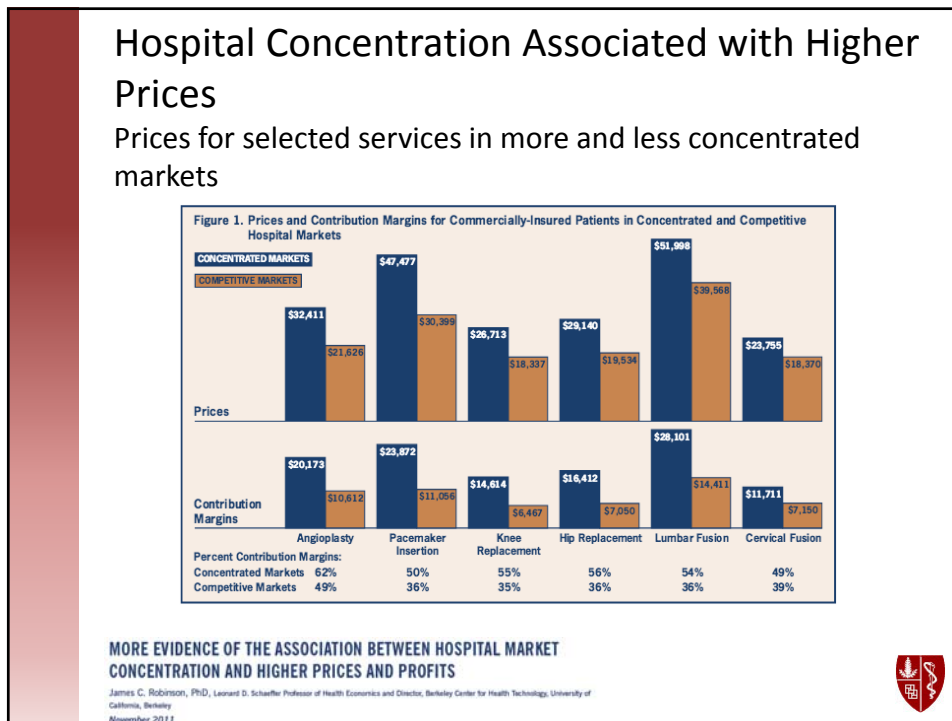
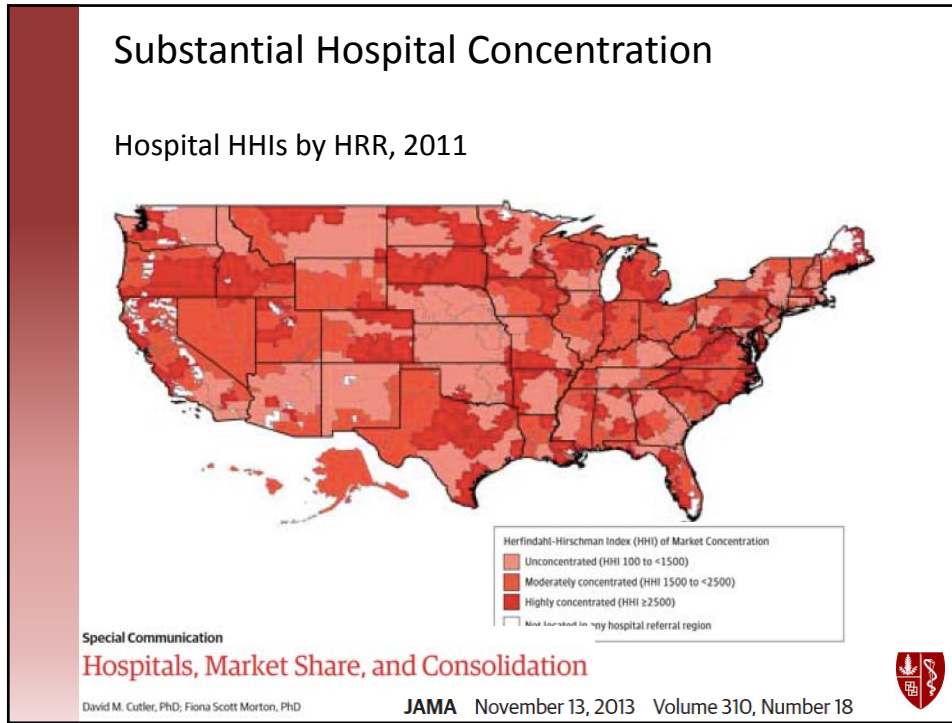


Physician Practice Sizes Increasing Over Time

Percent of physicians according to practice size







Physician practices increasingly integrated with hospitals

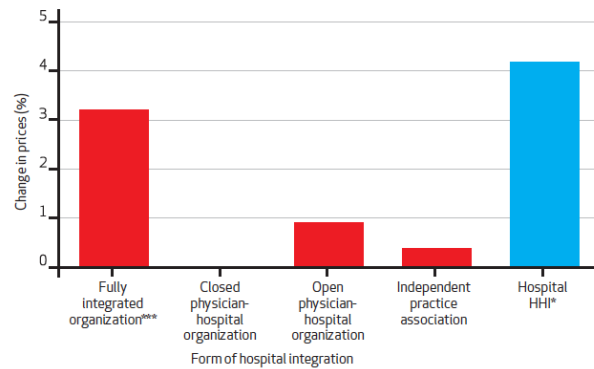
MGMA Survey, 2011			ACC Survey, 2012		
	% groups hospital owned	% physicians in hosp-owned groups		% practices hospital-owned	% physicians in hosp-owned practices
2003	8.3%	17.0%	2007	8%	11%
2010	11.6%	28.1%	2012	24%	35%

Source: MGMA data: NA Fabrizio, "Employing Physicians: The Future is Now" in FutureScan 2012: Healthcare Trends and Implications 2012-2017" Health Administration Press and Society for Healthcare Strategy and Market Development, citing D. Gans, MGMA, "Changes in Ownership for MGMA Practices 2003-2010"; ACC data: ACC Cardiosource; http://www.cardiosource.org/News-Media/Media-Center/News-Releases/2012/09/Leg-Conf.aspx?w_nav=Search&WT.oss=ACC%202012%20practice%20census&WT.oss_r=4&



EXHIBIT 2

Effect Of Hospital Integration And Market Competitiveness On Hospital Prices



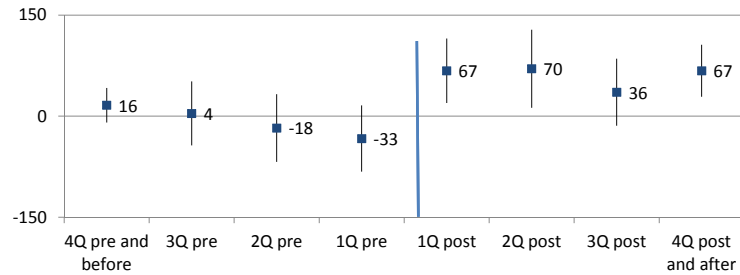
SOURCE Authors' analysis of American Hospital Association, Medicare, and Truven Analytics Market-Scan data. **NOTES** The bars represent the estimated effect on the average county-level price of a hospital admission associated with a one-standard-deviation increase in market share of each of the four forms of vertical integration. County and year fixed effects and the hospital market and county characteristics listed in Appendix Table 1 (see Note 19 in text) were held constant. Selected parameter estimates and standard errors from the regressions underlying the exhibit are available in Appendix Table 2. HHI is Herfindahl-Hirschman index, which is a measure of market competitiveness. * $p < 0.10$ *** $p < 0.01$

Source: Baker, Bundorf, Kessler, Health Affairs, 2014



Vertical Integration by Cardiologists Associated with Higher Utilization and Spending

30-day total outpatient spending, for physicians who become integrated with hospitals, relative to none integrated, by quarter relative to switch date



Vertical Integration by Cardiologists Associated with Higher Utilization and Spending

30-day total inpatient spending, for physicians who become integrated with hospitals, relative to none integrated, by quarter relative to switch date

