

## **Provider consolidation and prices**

**ISSUE:** In this session we will discuss the effects of provider consolidation and other factors on prices and the resulting effect it may have on Medicare payment policy.

**KEY POINTS:** If providers are encouraged to consolidate and gain control in their local markets, they may have the power to drive higher prices from private insurers. This dynamic has a direct impact on Medicare's ability to assure that its dollars are buying efficiently-delivered quality care to Medicare beneficiaries. As MedPAC has shown, hospitals that do not have financial pressure have higher costs because they have less incentive to do the hard work of improving their efficiency.

**ACTION:** Commissioners should discuss the analysis and findings of expert panel and provide feedback to staff on directions for future work, if any.

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