

Provider consolidation: The role of Medicare policy

ISSUE: Different types of consolidation have important implications for the Medicare program and for the privately insured.

KEY POINTS: We will discuss four types of consolidation:

- Horizontal hospital consolidation—where hospitals consolidate into larger systems
- Horizontal physician consolidation—where physicians consolidate into larger groups
- Vertical financial integration—where hospital systems acquire physician practices
- Vertical integration of provider functions and acceptance of insurance risk by ACOs or MA plans—providers take on insurance risk or insurers acquire providers

ACTION: Commissioners should be prepared to discuss the implications of these recent consolidation trends.