

## **PLANK 4 - THE HEALTH CARE MARKETPLACE**

### **RESOLUTION 4.01:**

## **ENSURE THAT HEALTH CARE ACQUISITIONS AND SERVICE EXPANSIONS PROMOTE VALUE**

The American health care system relies upon principles of free market competition, and consumer choice among competitors, to drive improvements in quality and value. There are relatively few market-based mechanisms in place to provide any meaningful check on new construction, new service offerings or organizational mergers in health care. Employer purchasers are rarely, if ever, consulted when new health care infrastructure, service offerings or consolidations are being planned.

Recent data suggest that markets are becoming increasingly concentrated, with fewer large players controlling more market share. Health services researchers have found that highly concentrated health care markets result in higher prices for health care services. While researchers have also found that concentration among insurers can help to hold provider price increases in check, there is no market-based mechanism to ensure that any such “savings” translate to lower health care costs for employers and employees.

Provider organizations assert that consolidations and mergers are necessary to provide better quality care, particularly when it comes to managing complicated health conditions or performing sophisticated procedures. Providers also cite the need to better manage entire populations of patients as a reason for mergers.

The Alliance is committed to health care value - high quality, safe care that is accessible to consumers and is provided at an affordable price. The Alliance understands that employers must participate meaningfully as informed purchasers in the health care marketplace, while also supporting their employees in seeking out high-value care.

**The Alliance urges policymakers and public sector health care purchasers to evaluate health care provider acquisitions and expansions based on a full consideration of current and anticipated population trends, availability of comparable health care services within a reasonable distance and the best interests of all aspects of the health care delivery system. Government entities that regulate or purchase health care services should seek the perspectives of employers and other purchasers regarding the impact of new construction, facility expansions and provider system mergers.**

Sources:

Fulton, B. Health care market concentration trends in the United States: evidence and policy responses. *Health Aff* 2017; 36(9), 1530-1538.

Scheffler, R.M. & Arnold, D.R. Insurer market power lowers prices in numerous concentrated provider markets. *Health Aff* 2017; 36(9), 1539-1546.