

The Impact of the Rapid Increase in Hospital Ownership of Physician Practices

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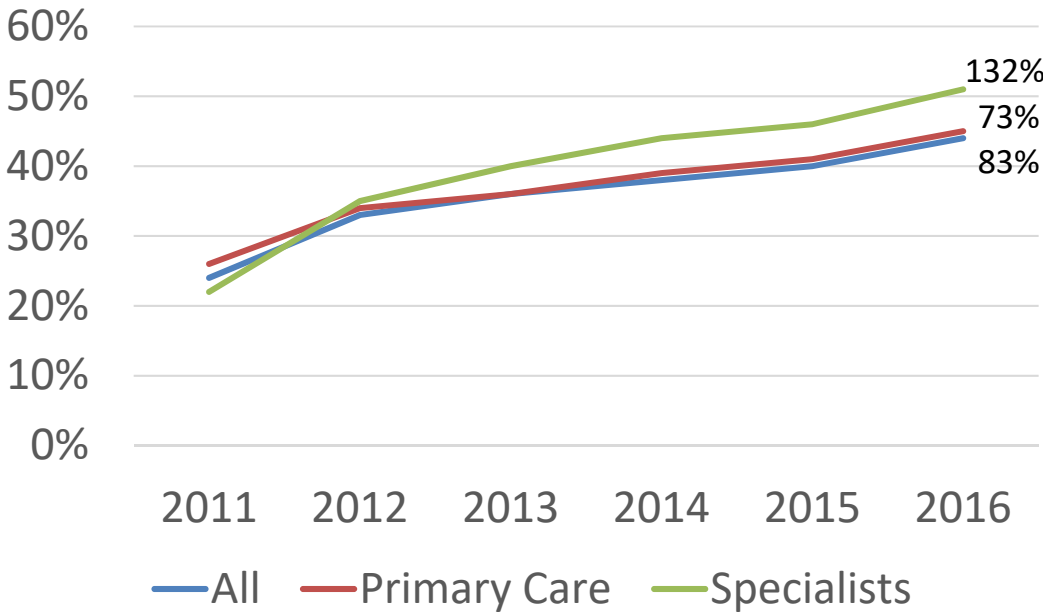
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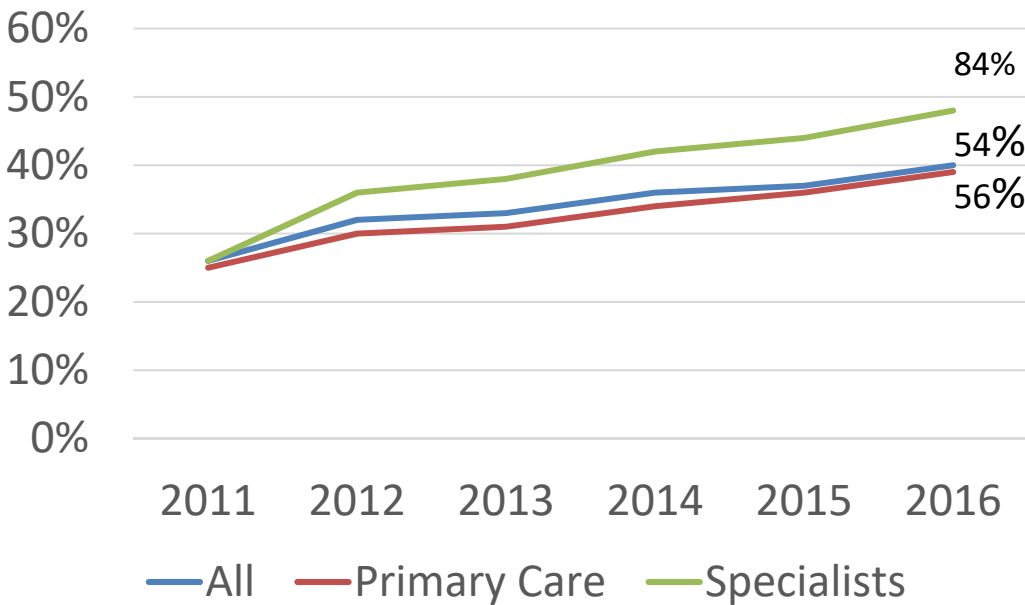
Hospital Ownership of Physician Practices, 2010-2018 (United States)



Note: The percentage of physicians that work for organizations owned by a hospital was calculated in each county in each year. The mean of these percentages in each year is shown in the figure. The "All" physicians line includes both primary care and all specialist physicians, but the "Specialists" line only includes cardiologists, oncologists/hematologists, radiologists and orthopedists.
Source: Authors' analysis of data provided by SK&A Office Based Physicians Database provided by IMS Health

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What was the impact of hospitals owning physician practices? (2013-2016)

- 12 percent increase in ACA premiums
- 9 percent increase in specialist prices
- 5 percent increase in primary care prices

Source: Scheffler RM, Arnold DR, Whaley CM. Consolidation Trends in California's Health Care System: Impacts on ACA Premiums and Outpatient Visit Prices. *Health Affairs*. September 2018.

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Why does this happen?

- Facility fees option - higher reimbursement rates meant to account for a hospital's overhead
 - Medicare pays this; commercials follow
 - 25% due to facility fee (CITE)
- Value of the brand name
- More market power in physician markets to negotiate with insurers
- Captive referral networks



Balanced against

- Improved care coordination
- Reduced administrative cost
- Improved efficiency

