

NEWS BRIEF

Provided by: National Insurance Services

Study: Consolidated Health Systems Fail to Deliver Better Value Care for Patients

A recent [study](#) from researchers at Harvard University and the National Bureau of Economic Research (NBER) suggests that consolidated health systems cost patients more money, despite providing slightly better care than private practices.

Harvard and NBER experts define a “consolidated health system” as a group of commonly owned or managed entities that include at least one general acute care hospital, 10 primary care physicians and 50 total physicians located within a single hospital referral region. The survey revealed that hospital services cost 31% more in consolidated health systems than they do with private care providers. Additionally, prices for physician services in large systems are 12% to 26% higher than those of private practices.



“Big systems tend to be less vulnerable to economic downturns, and they can provide specialized care that would be difficult to maintain in smaller systems. But the hoped-for cost savings benefits of integrated health systems have not yet materialized.”

- David Cutler, study author and Harvard professor



The study analyzed performance based on preventive care measures, chronic disease management, patient experience, low-value care, mortality, hospital readmissions and spending. Overall, although costs were higher for consolidated health systems, the quality of care was only slightly better than the care delivered at private practices.

Takeaways

Consolidated health systems are responsible for a large proportion of the medical care delivered in the United States. These health systems have grown exponentially in size and market share in recent decades due to mergers and acquisitions of practices and hospitals. This consolidation trend is expected to continue due to drivers such as regulatory changes, financial pressures and technology advancements.

With varying costs for health care services and inadequate employee health literacy, employers can go beyond providing employees with required health plan documents and offer year-round employee education and communication. When employees are informed, they’re better equipped to make the right decisions for their health and wallets, which also benefits employers.

Employers should continue to monitor health care trends, utilization and spending. Contact National Insurance Services today for more information.

