



# Impact of Health System Consolidation on Affordability and Access for Consumers

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**Health system consolidation is contributing to affordability and access issues for consumers.**



Health care affordability is a top concern for people.



**51%**

of voters identified **affordability** as their **top priority** for the health care system.

Source: USofCare Poll



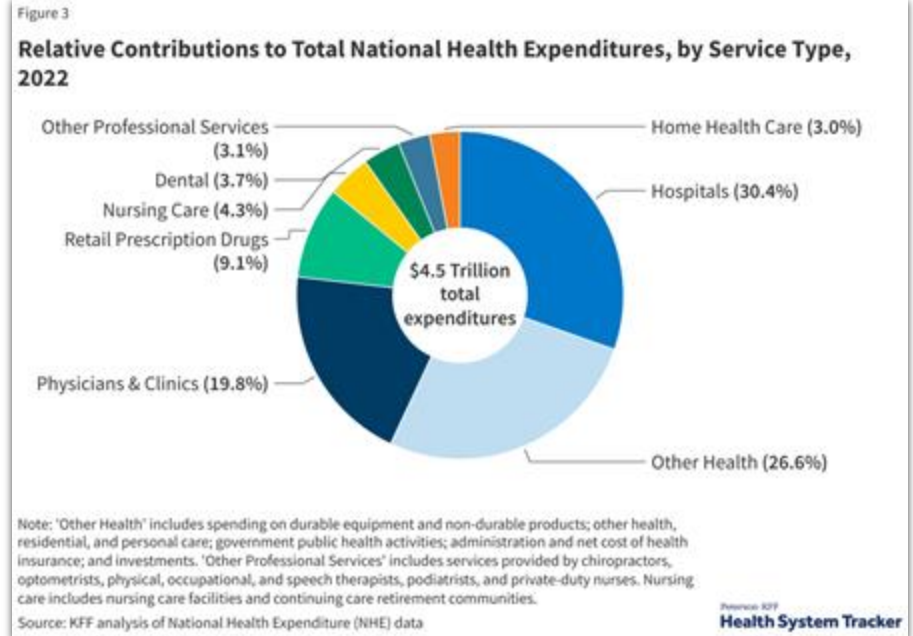
**38%**

of Americans reported they or a family member **delayed** medical treatment **due to cost**.

Source: Gallup

## Hospital and physician services represent half of total health spending.

- The major drivers of health costs reveal where cost containment efforts can be most effective.
- In the U.S., **hospital spending represented nearly a third (30.4%)** of overall health spending in 2022, and **physicians/clinics represented 19.8%** of total spending.

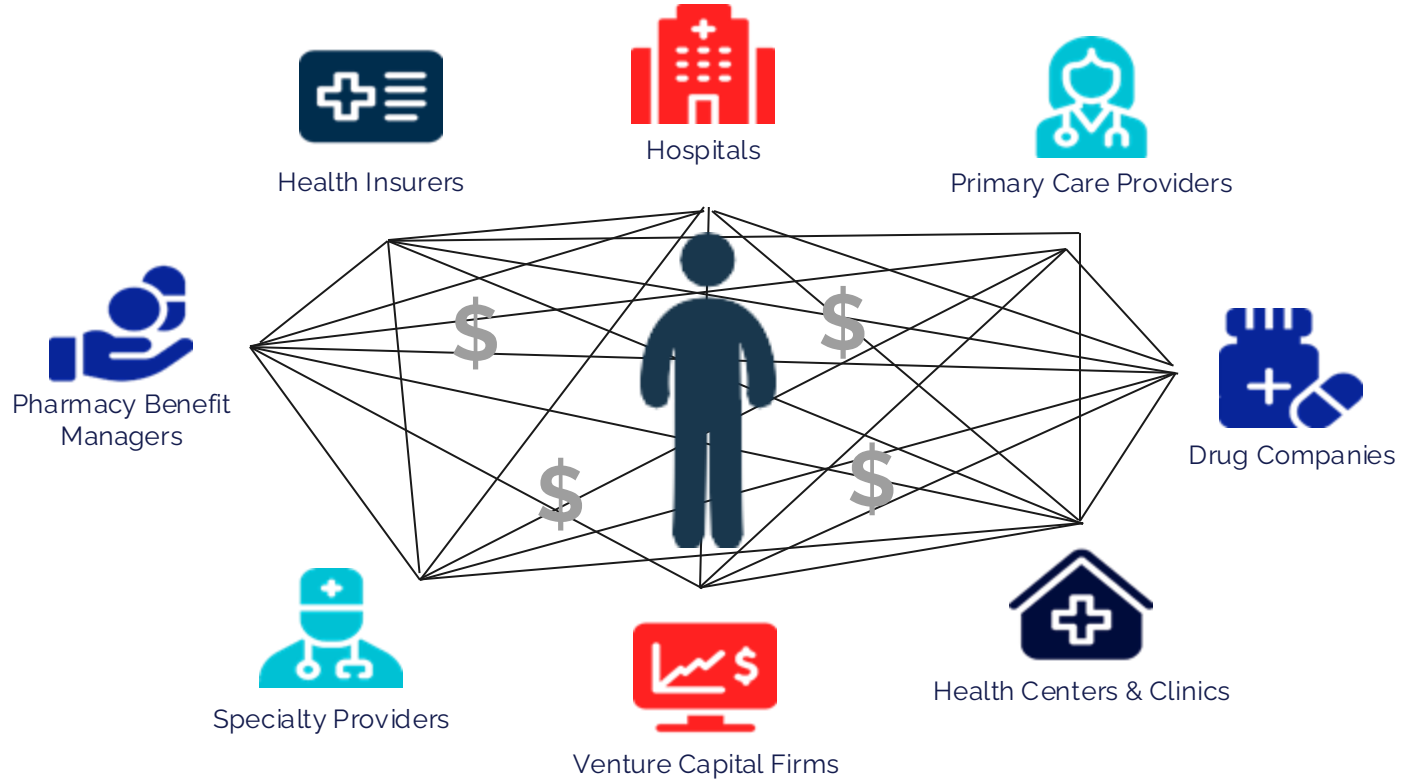


## Market power is the main driver of high and variable health care prices.

- Market power is amassed through **consolidation** happening across the health care system
- The vast majority of markets are highly concentrated



**Source:** Slide adapted from 2023 NASHP Presentation "Tools to Improve Affordability in a Consolidated Market" by Erin Fuse Brown.

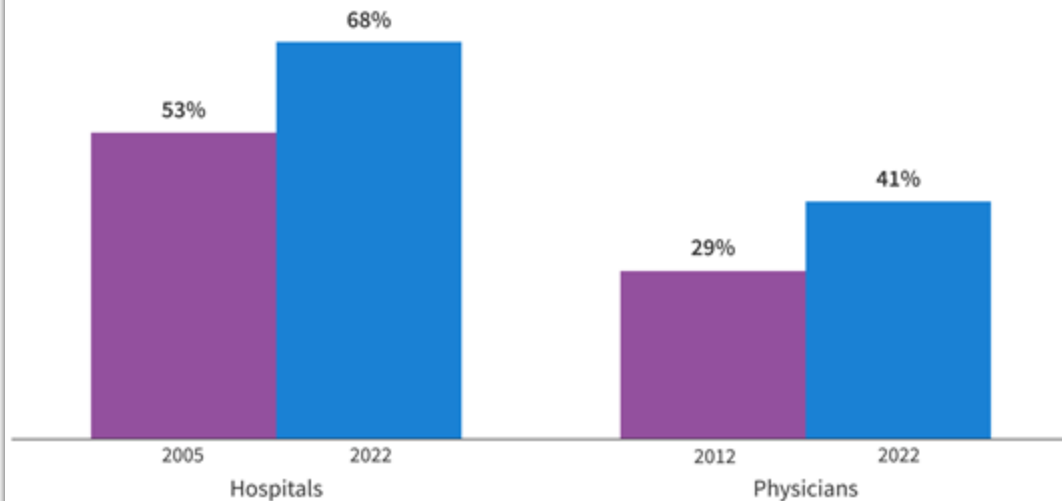


**Lines between health sector stakeholders are blurring.**

Provider markets  
have become  
increasingly  
consolidated over  
the past 30 years.

Figure 1

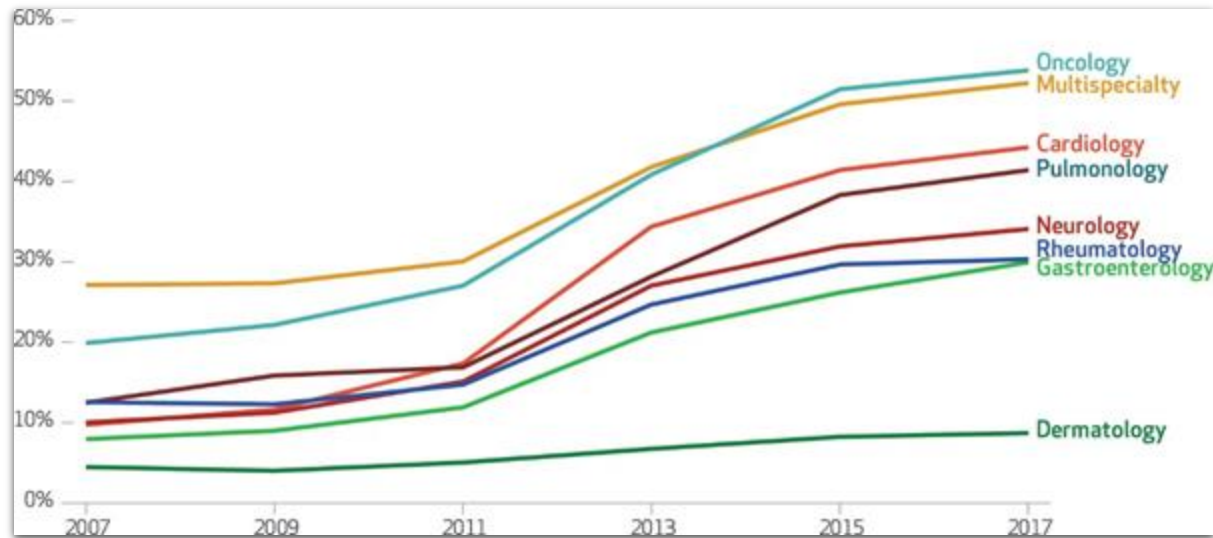
**An Increasing Share of Hospitals Are Affiliated With Health Systems and an Increasing Share of Physicians Are Affiliated With Hospitals or Health Systems**



Note: Hospital numbers reflect the share of community hospitals that are part of a larger health system, as defined by the American Hospital Association (AHA). Physician figures reflect the share of surveyed physicians that reported working for a hospital or in a practice owned at least partially by a hospital or health system.

Source: KFF analysis of AHA hospital data from the AHA Annual Survey Database and the AHA Trendwatch Chartbook, 2021 and of American Medical Association (AMA) physician data from the AMA report "Recent Changes in Physician Practice Arrangements: Shifts Away from Private Practice and Towards Larger Practice Size Continue Through 2022."

## Share of physician practices owned or controlled by hospital systems (2007-2017)



Source: Nikpay et al (2018) Health Affairs, "Hospital-Physician Consolidation Accelerated in the Past Decade in Cardiology, Oncology"



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**Consolidation leads to rising prices  
and less choice for consumers.**



## The Impact on Patients and Consumers

### **Reduces access to care**

- Hospitals typically eliminate services and see fewer low-income patients after being acquired.

### **Increases prices and costs**

- Consolidation reduces marketplace competition and increase spending.
- Drives up out-of-pocket costs for consumers and increasing premiums.

### **Quality is unlikely to improve**

- Evidence shows no clear improvement in quality and some studies indicate lower quality outcomes, despite claims to the contrary.

## Consolidation Drives Up Costs for Consumers



### YEARLY SAVINGS FROM SITE-NEUTRAL REFORMS COMMERCIAL INSURANCE



Source: [LLS + Wakely](#)

**SAME SERVICE +  
DIFFERENT SITE =  
HIGHER COSTS**



**+\$175**

ULTRASOUND FACILITY FEE



**+\$645**

BIOPSY FACILITY FEE



**+\$68**

OFFICE VISIT FACILITY FEE

Source: [HCC](#)

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# Case Study: The Massachusetts Experience

## Case Study: Steward Health Care Collapse in MA

The  
Boston  
Globe

**After Steward hospital closure, ambulances rush patients out of town: 'There's nobody here to fill the gaps'**

Ayer's ambulance crew is adapting to the closing of Nashoba Valley Medical Center

By [Robert Weisman](#) Globe Staff, Updated February 23, 2025, 6:00 a.m.



**AP**

**Patients will suffer with bankrupt health care firm's closure of Massachusetts hospitals, staff say**

PBS NEWS HOUR

**Investigation reveals how investors made millions as Steward Health Care system collapsed**

Sep 12, 2024 6:25 PM EST

## Case Study: How We Got Here

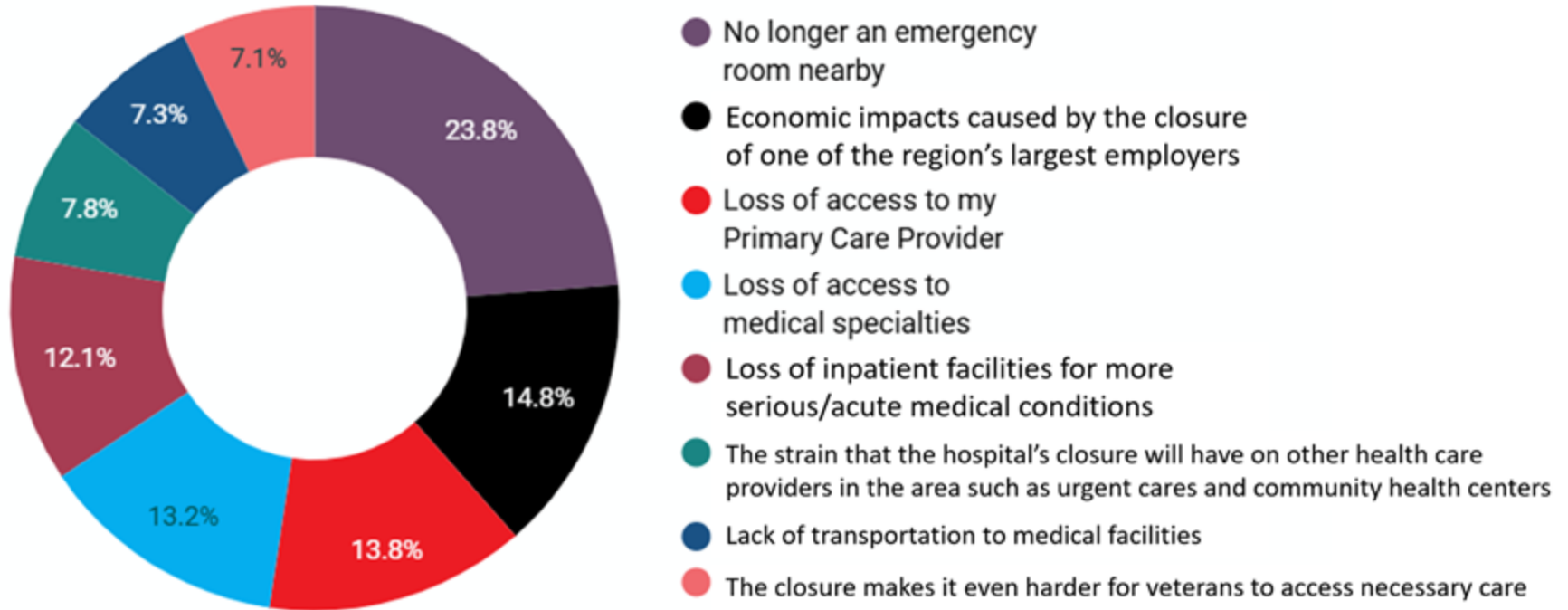
- **1985** → Caritas Christi Health Care is established with six catholic hospitals in Massachusetts becoming the second largest healthcare system in New England.
- **2010** → Cerberus Capital Management buys Caritas Christi hospital chain from the Archdiocese of Boston and rebrands as Steward Health Care. The state imposes a three-year ban on selling or closing any of the hospitals in the sale.
- **2016** → Facing financial difficulties, Steward sells its Massachusetts properties to Medical Properties Trust (MPT) for \$1.25 billion entering into a lease arrangement..
- **2024** → Steward files for bankruptcy.



# Steward Hospital Transitions & Closures

Steward Hospitals	Location	Result
Carney Hospital	Dorchester	Closed
Nashoba Valley Medical Center	Ayer	Closed
Norwood Hospital	Norwood	Closed in 2020
Good Samaritan Medical Center	Brockton	Boston Medical Center
St. Elizabeth's Medical Center	Brighton	Boston Medical Center
Morton Hospital	Taunton	Brown University Health
Saint Anne's Hospital	Fall River	Brown University Health
Holy Family Hospital	Methuen	Lawrence General Hospital
Holy Family Hospital	Haverhill	Lawrence General Hospital

## Case Study: Patient Impact





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**State policymakers have tools to address consolidation and rising prices.**



## Policy Tools for States



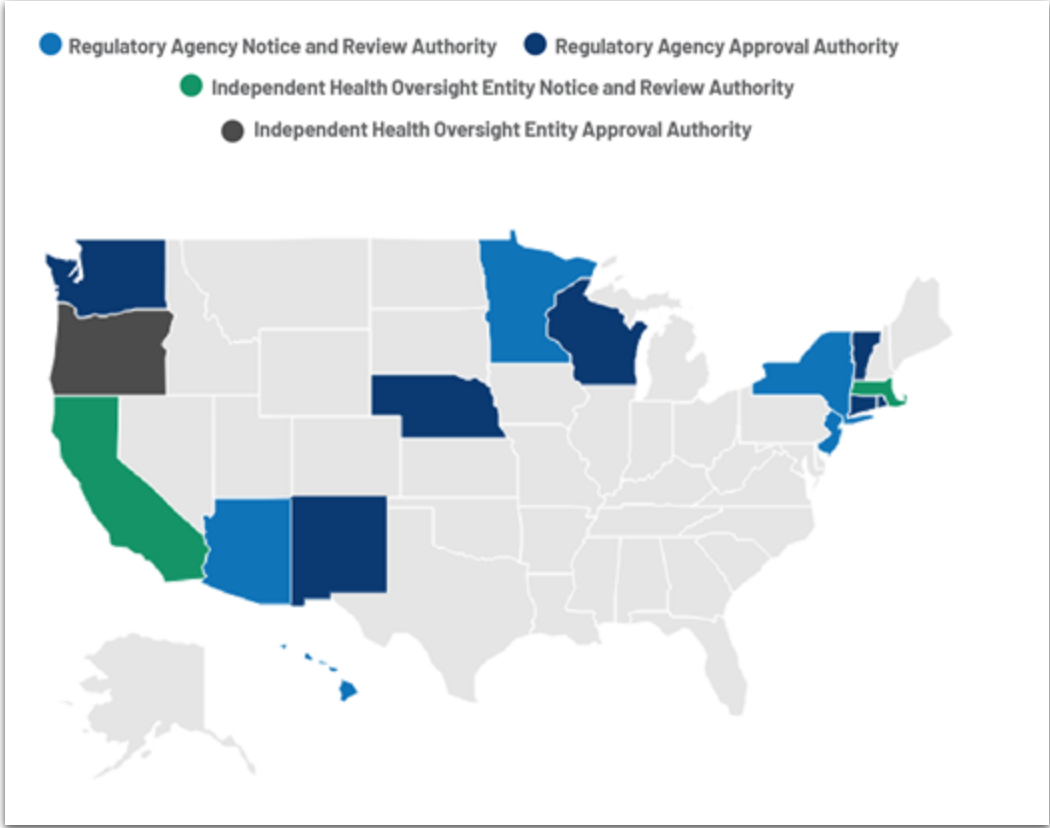
**Prevent Harmful  
Consolidation**

**Promote  
Competition**

**Limit Prices**



28 states also give their Attorneys General authority to either review or approve health care transactions that meet certain criteria.



**Source:** Fuse Brown and Gudiksen, *Models for Enhanced Health Care Market Oversight – State Attorneys General, Health Departments, and Independent Oversight Entities*, Milbank Memorial Fund, Jan 25, 2024.

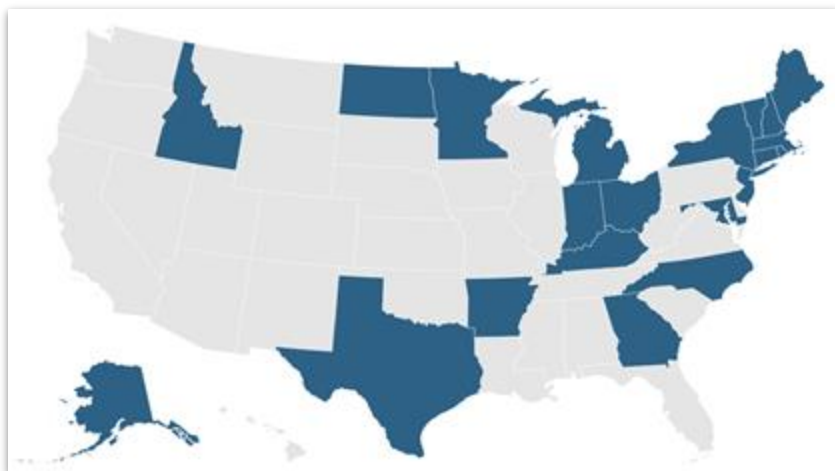
## Market Changes in Ownership of Healthcare Related Entities

Activity	Provider:		Insurance Carrier (Payer)	All Other Healthcare Related Entities
	A) Nonprofit	B) For profit		
<b>Notice of Transaction</b>	CA, CO, CT, HI, IL, IN, MA, MN, NV, NH, NM, NY, OR, PA, RI, VT, WA	CA, CO, CT, HI, IL, IN, MA, MN, NV, NH, NM, NY, OR, RI, VT, WA	CA, NV, NH, NY, OR, WA	CA, CO, CT, HI, IL, IN, MA, MN, NV, NH, NY, OR, PA, RI, VT, WA
<b>State Review / Referral of Transaction</b>	CA, CO, CT, HI, IL, IN, MA, MN, NH, NM, NY, OR, PA, RI, VT, WA	CA, CT, HI, IL, IN, MA, MN, NH, NM, NY, OR, RI	CA, NH, OR	CA, CO, CT, HI, IL, IN, MA, MN, NH, NY, OR, PA, RI, VT, WA
<b>Authority to Approve, Approve Conditionally, Deny Transaction</b>	CA, CO, CT, HI, IL, MA, NH, NM, NY, OR, PA, RI, VT, WA	CT, HI, IL, MA, NH, NM, NY, OR, RI	NH, OR	CO, CT, HI, IL, IN, MA, NH, NY, OR, PA, RI, VT
<b>Monitoring and Compliance of Transaction</b>	CA, CO, CT, HI, IL, NM, OR, PA, RI, WA	CT, HI, IL, IN, NM, OR, RI	OR	CO, CT, HI, IL, IN, OR, PA, WA, RI

**Source:** NASHP ["States' Efforts to Understand and Address Health Care Consolidation"](#)

# States addressing anti-competitive contracting terms

Most-favored Nation Restrictions



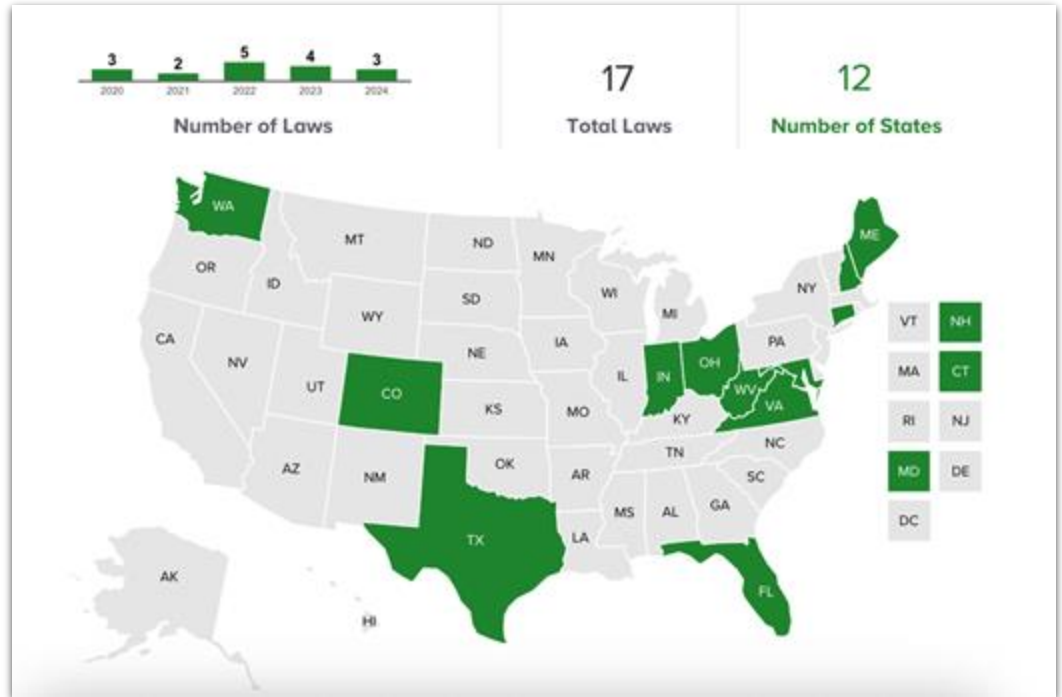
Anti-tiering Restrictions



**Source:** Slide adapted from 2024 Presentation "State-based Approaches to Address Health Care Consolidation and Prices" by Katie Gudiksen.

# States are taking action to limit facility fees.

Between 2020 and 2024, 12 states have passed legislation to protect consumers from facility fees.



**Source:** [NASHP State Laws Passed to Address Health System Costs: 2020-2024](#)



# Recommendations for Insurance Regulators

- **Insurance regulators have a role to play in health care merger oversight**
  - ◆ Ensure insurance regulators are part of any review that involves regulated entities or will impact state insurance markets
  - ◆ Examine anti-competitive behaviors between insurance companies and providers
- **Increase transparency**
  - ◆ Support enforcement of transparency requirements, including prohibitions on collecting medical debt for those not in compliance
  - ◆ Support creation of all-payer claims databases
  - ◆ Support enactment of new transparency requirements, including ownership
- **Advocate for measures that keep costs affordable for consumers**
  - ◆ Support efforts to reign in facility fees
  - ◆ Support extending the enhanced marketplace tax credits
  - ◆ Oppose cuts to Medicaid



**Thank you!**

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