Are Prices Too High?

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Cross-/Within Market Variation

**Figure 2B.**
Service Price Variation within Metro Area for C-section Delivery

- Knoxville, TN
- New Orleans–Metairie, LA
- Cleveland–Elyria, OH
- Columbus, OH
- San Diego–Carlsbad, CA
- Milwaukee–Waukesha–West Allis, WI
- Boston–Cambridge–Newton, MA–NH
- Indianapolis–Carmel–Anderson, IN
- Los Angeles–Long Beach–Anaheim, CA
- San Francisco–Oakland–Hayward, CA

C-section delivery prices (in 2016 dollars)

10th percentile, Median, 90th percentile

Source: Adapted from Kennedy et al. (2019) using Health Care Cost Institute data.

Notes: Percentiles (10th, median, 90th) show within-metro variation in price for the indicated service. Metro areas are defined as the 112 core-based statistical areas in the United States. A select group of metro areas is shown.
US Prices Higher than Other Countries

Figure 1.
International Medical Prices for Selected Services as a Percentage of U.S. Price

Source: Adapted from Hargraves and Bioschichak (2019) using International Federation of Health Plans (IFHP) data.

Notes: Data are from IFHP member companies in eight countries. International service price comparisons are complicated by potentially different service definitions, reimbursement arrangements, and health plan participation across countries.
Mergers Do Not Improve Quality

Beaulieu et al. Changes in Quality of Care after Hospital Mergers and Acquisitions. NEJM 2020
Patients Respond to Reference Pricing

Patients Choosing High-Price Or Low-Price California Hospitals For Knee Or Hip Replacement Surgery, 2008-12

Referencing pricing implemented

CalPERS low-price hospitals

Anthem low-price hospitals

Anthem high-price hospitals

CalPERS high-price hospitals

Percent of patients choosing

Evaluation of a Tiered Network

Figure 3: Predicted Probabilities That the TN Steered Patients from Nonpreferred to Middle and Preferred Hospitals

Notes: The main analysis includes all admissions after sample exclusions. The falsification test includes ED admissions identified by the admission source variable provided by BCBSMA. Figures are presented with 95 percent confidence intervals generated through bootstrap analyses.