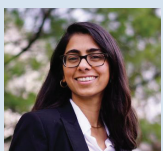


Hospital Concentration Decreases Care for Medicaid Beneficiaries

CONVERSATION WITH THE RESEARCHER

"We hope our study causes policymakers, researchers, & stakeholders to further investigate and consider the impacts of evolving hospital market structure on quality and access for low-income populations."



Sunita Desai, PhD,
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School of Medicine

Q: How can healthcare providers and policymakers ensure continued care for Medicaid beneficiaries amidst increasing hospital concentration?

A: Policymakers and regulators should consider potential impacts on care and access for Medicaid patients when reviewing mergers or developing policy responses to hospital concentration. Moreover, given Medicaid patients are more likely to go to public hospitals, investments in the public hospital systems may be warranted in response to growing market concentration.

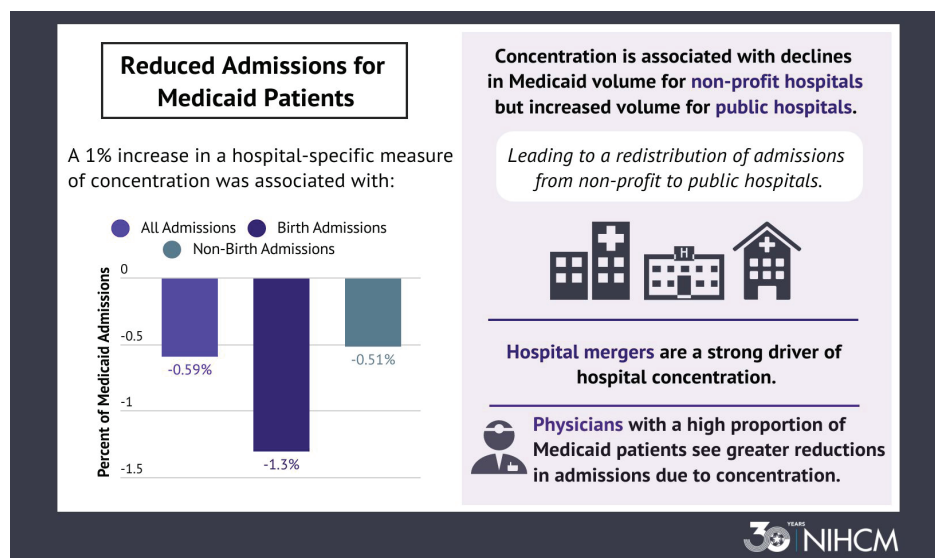
Q: What are the maternal and infant health implications of these findings, given the greater impact of concentration on labor and delivery?

A: In addition to highlighting the potential role of market concentration in exacerbating inequities, our research suggests the important role of the physician in determining where a person gives birth. Physicians serving low-income patients must have admitting privileges at high-quality hospitals to ensure high-quality access for their patients.

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SYNOPSIS

This study found that as hospital markets become more concentrated, the average hospital reduced admissions for Medicaid patients, potentially impacting access to care for lower-income individuals. The findings of this study are valuable to policymakers and regulatory agencies interested in protecting patients' access to care in light of the impact of market concentration.



HOSPITAL CONCENTRATION IMPACTS ACCESS TO CARE

Hospital market concentration has been increasing steadily in the United States, leading to a decrease in competition that may impact health care costs and access. Increased concentration can be attributed to mergers and closures, among other factors. While the role of hospital concentration in raising health care prices is well-documented, this study examines the impact of concentration on health care access for low-income populations, an area that has been previously underexplored. The analysis found that reduced hospital market competition led to a more significant decline in the admission of Medicaid beneficiaries compared to overall reductions in patient admissions. The impact was particularly pronounced for labor and delivery admissions, the most common reason for Medicaid admissions. When market concentration intensifies, hospitals can negotiate higher reimbursement rates from private insurers, which are typically greater than Medicaid rates. Hospital concentration may exacerbate inequalities in access to care among Medicaid patients, who are disproportionately low-income and in poorer health.

As market competition decreased, the distribution of Medicaid admissions shifted away from non-profit hospitals to public hospitals, potentially straining facilities that serve large numbers of uninsured and Medicaid patients. Hospital-level reductions in admissions primarily reflected this redistribution of Medicaid patients, rather than an overall decline in hospitalizations for Medicaid patients. These findings suggest that non-profit hospitals do not necessarily invest the increased profits from greater reimbursement rates into care for low-income and safety net populations, indicating that regulatory agencies should review special antitrust treatment for such hospitals. This study also demonstrates the need for a more comprehensive understanding of how market concentration impacts all patients, including Medicaid enrollees, especially as regulators assess hospital concentration and mergers.

RESEARCH INSIGHTS

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CITATION

Desai SM, Padmanabhan P, Chen AZ, Lewis A, Glied SA. Hospital concentration and low-income populations: Evidence from New York State Medicaid. J Health Econ. 2023 Jul;90:102770. doi 10.1016/j.jhealeco.2023.102770. Epub 2023 May 3. PMID: 37216773.

KEY FINDINGS

This analysis examined the impact of increasing hospital market concentration on health care access for Medicaid patients across 192 general acute hospitals and 135 health systems in New York. Of the hospitals studied, 12% were public and 88% were non-profit. Findings include:

Concentration and Medicaid Admissions:

- A 1% increase in a hospital-specific measure of concentration was associated with a 0.59% decrease in admissions for Medicaid patients at the average hospital level.
- The impact of concentration was more pronounced for birth admissions and was associated with a 1.3% decrease in birth admissions compared to a 0.51% decrease for other Medicaid patients' admissions.
- Hospital mergers, a strong driver of hospital concentration, were linked to decreases in birth admissions for Medicaid patients at the hospital level.
- There were very small overall market-level decreases in admissions to any hospital following concentration, suggesting reduced access to inpatient care.

Impacts for Non-Profit and Public Hospitals:

- Among non-profit hospitals, a 1% increase in a hospital-specific measure of concentration was associated with an average 1.42% decrease in Medicaid birth admissions, while public hospitals experienced an increase of 1.38%.

Physicians:

- Concentration was associated with physicians serving high shares of Medicaid patients attending fewer deliveries in non-profit hospitals, indicating that physician admitting privileges could be a key mechanism driving the shift in patient flows from non-profit to public hospitals.

MORE ABOUT THIS STUDY

This study analyzed data from the 2006–2012 Healthcare Cost and Utilization Project State Inpatient Databases for New York State, the American Hospital Association Annual Survey, and data on hospital mergers. The study examines births separately, as they account for the most frequent Medicaid admissions. Therefore, the effects of change in market concentration could be strongest in this category. From 2006 to 2012, the average hospital's measure of market concentration increased by 7.0%.

FOR MORE INFORMATION

For more information about this study, contact Sunita Desai at smd346@nyu.edu. For more information about the NIHCM Foundation Investigator-Initiated Research Grant Program, contact Cait Ellis at cellis@nihcm.org.