



## Press Release

# Understanding Hospital Markets and the Effects of Consolidation

ANDREW EVANS | OCTOBER 8, 2019

Policymakers on both sides of the aisle are looking for ways to reduce spending on health care. While hospital costs are often neglected in these policy discussions, they are the largest and one of the fastest-growing contributors to health care spending in the country, write AAF's Deputy Director of Health Care Policy Tara O'Neill Hayes and Kate Dixon. Hospital costs account for nearly 40 percent of personal health care expenditures in the United States, they note, and hospital consolidation trends appear to be increasing this proportion.

Their primary points:

- Despite a decrease in hospital utilization, spending on hospital care grew 32 percent on a per capita basis between 2008 and 2017, and it is expected to continue rising;
- Hospital prices are highest in markets with the least competition, and vertical and horizontal hospital consolidation is occurring at a rapid pace — yet the quality of care often declines as consolidation and prices increase; and
- Reducing the overall cost of health care in the United States will be difficult without reducing hospital prices.

[Read the research.](#)