

Lowest Hospital Spending: Not Where You Think



Researchers at Carnegie Mellon University, Yale University, University of Pennsylvania and the London School of Economics analysed the real prices that hospitals negotiate with private insurers. They found that hospitals that spend less on Medicare do not necessarily spend less on healthcare overall.

The researchers analysed 92 billion health insurance claims from 88 million people that were insured by the three largest companies: Aetna, Humana and UnitedHealthcare.

Their analysis reveals that there is a significant variation in the prices that hospitals negotiate with private health insurers within the U.S. as well as across its geographic regions. It also shows that the spending patterns for those who are privately insured are not the same as those for Medicare.

Grand Junction, Colorado has received a lot of attention because it aims to provide better and cheaper healthcare. It was one of the lowest-cost markets in the nation but this study shows that there is only a 14 percent correlation between spending on Medicare beneficiaries and spending on privately insured. While Grand Junction may have had the third-lowest Medicare spending per beneficiary, it is also has the ninth largest inpatient prices and the 43rd highest spending per privately insured beneficiary.

"Virtually everything we know about health spending and most of the basis for federal health policy comes from the analysis of Medicare data," said Zack Cooper, assistant professor of health policy and economics at Yale. "The rub is that Medicare only covers 16 percent of the population. The majority of individuals — 60 percent of the U.S. population — receive health care coverage from private insurers."

Source: [PRNewswire](#)

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