

# **Hospital Monopolies**

**Transcript**

We've all heard about drug prices that make health care too expensive for too many Americans. Hospital costs are even worse.

The Council for Healthcare Affordability reports hospital monopolies have driven up prices. Their president, Joel White, testified to Congress that 97% of inpatient hospital markets are highly uncompetitive.

The Hospital Facts organization reports about 2,000 hospital mergers have occurred since 1998.

The Open Markets organization reports that the median cost of a hospital in the U.S. is twice as high as the median for OECD countries, even though the American stay is shorter.

Monopolies raise prices, according to standard economic theory. This has been a problem ever since the days of Standard Oil in the 19th Century.

There is a tug of war between hospitals and insurance companies, according to an article in the National Library of Medicine. As hospitals consolidate, they increase their market power, with no improvements in patient care. Insurance companies are also consolidating their market power in some markets. This should give them more bargaining power to negotiate lower hospital prices.

The hospitals are winning. Furthermore, even when large insurance companies are able to get better prices for hospital care, they do not pass these savings along to patients.

We have had regulations against anti-competitive mergers and acquisitions for over a century, but the enforcement has dwindled. Advocates for health care affordability recommend that we break up hospital monopolies.