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# Addressing Pricing Power in Health Care Markets: Principles and Policy Options to Strengthen and Shape Markets

The Final Report of the Academy's Panel on Pricing Power in Health Care Markets

Addressing Pricing Power in Health Care Markets: Principles and Policy Options to Strengthen and Shape Markets is the final report of a panel of national experts—ranging from hospital leaders, insurance and antitrust experts, economists and others—who came together to examine the role and impact of market power in the U.S. health care system.

To balance the differences in views of study panel members and to assist policymakers beginning to look at the issue, the panel agreed upon four key principles to guide the development of policy options to address market power. Collectively, they reflect a preference for market competition solutions, but targeted regulation in areas lacking competition may also be needed. They include:

- Market competition is the best way to motivate providers to increase efficiency and improve the quality of care; where market competition is ineffective, public policy can enhance market competition or, if that is not likely to be successful, regulate prices directly.
- Greater transparency of the prices of health care services and the quality of care provided is needed to help consumers make better choices about their care.
- While payment and delivery system reforms may improve quality, they may also contribute to excessive provider consolidation within markets; before making exceptions for specific delivery and payment reforms in legislation, the costs and benefits of the new models should be fully evaluated.

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