



Central PA market could be poised to deliver lower health costs: An alternate physician view

By Jaan Sidorov, MD, September 7, 2018

According to [this article](#) appearing in the CPBJ, the growing multi-hospital-insurer alliances could lead to greater competition and innovation. That, in turn, is supposed to lead to lower prices.

Not necessarily.

As the central Pennsylvania market becomes dominated by regional hospital systems, it's just as possible that health care prices will go *up*. Experience in other markets has shown that [size enables hospitals to use their market clout to negotiate higher – not lower - prices](#). And health insurer-hospital partnerships [can limit patient choice and further increase costs](#). What's more, regional systems in other areas of Pennsylvania have [driven some doctors out of business](#), which will exacerbate [the physician shortage](#).

As for innovation, size may not matter: [small hospitals also have a track record success](#). One reason may be that [health care innovation may be more a function of local culture, not economic scale](#).

Physician-led clinically integrated networks (or "CINs") – which are independent of hospitals and work with all health insurers – are a competitive alternative to the growing multi-hospital-insurer alliances. Through its Care Centered Collaborative, the Pennsylvania Medical Society is supporting physician led CINs.

Since it's possible that these large systems could lead to higher costs, the Collaborative is working with independent doctors in central Pennsylvania to offer an alternative: a physician-led network that works with *all* insurers and *all* hospitals equally to find the highest quality and lowest cost care options.

[Physician-led CINs have been successful in other states](#). That's because the physicians work with multiple insurers on a regional basis to develop high-performing quality measures and payment rewards that focus on keeping everyone healthy.

Physician-led CINs also have the advantage of working largely with private practice physicians. Recent research has shown that smaller independent practices have a [higher level of career satisfaction](#) and [are less likely to have unnecessary hospitalizations](#). Leaders from The Collaborative have discussed this with local health insurers, and they welcome the prospect of working with motivated health care providers who want to provide the best possible care for their patients.

This means more, not less, competition for the Central PA market. As hospitals and their insurer partners compete, they will also be competing with a network of independent physicians who are offering an alternative approach that is outside the large institutions, maintains patient choice and delivers value in the community setting.

As the CPBJ noted, "we are about to find out if a competitive market featuring large, strong institutions can deliver on the promise of lower costs." That's true. The large, strong institutions will not be competing with just each other, but with physician-led groups that are offering an important alternative.

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