

# Insurer market power lowers providers' prices

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(HealthDay)—Insurers have the bargaining power to reduce provider

prices in highly concentrated provider markets, according to a report published in the September issue of *Health Affairs*.

Richard M. Scheffler, Ph.D., and Daniel R. Arnold, from the University of California at Berkeley, analyzed how provider and insurer market concentration—as measured by the Herfindahl-Hirschman Index (HHI)—interact and are correlated with prices.

The researchers found that insurers have the bargaining power to reduce provider prices in highly concentrated provider markets (HHI > 2,000). Specifically, in highly concentrated markets, hospital admission prices were 5 percent lower, and cardiologist, radiologist, and hematologist/oncologist visit prices were 4, 7, and 19 percent lower, compared to markets with HHI prices for [primary care physicians](#) or orthopedists.

"The policy dilemma that arises from our findings is that there are no insurer [market](#) mechanisms that will pass a portion of these price reductions on to consumers in the form of lower premiums," the authors write.

**More information:** [Abstract](#)  
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