



How to Lower Health Care Costs: Competition, Regulation, and Administrative Expenses

Improving access to health care is vital. But it is underappreciated just how much there is to gain from lowering costs and making health-care markets more competitive and efficient. Achieving these goals makes it easier to improve health-care access and reduces the financial hardships that families face when enduring poor health, all while raising living standards generally. By lowering administrative costs, by bolstering health-care competition, and by regulating the excessive prices that often result from a lack of competition, policymakers can strengthen the health-care sector and drive economic growth.

PAPER

A Proposal to Cap Provider Prices and Price Growth in the Commercial Health-Care Market

Michael Chernew (Harvard Medical School), Leemore Dafny (Harvard Business School), and Maximilian Pany (Harvard University)

High prices in the commercial health care market are an important driver of excess U.S. health care costs relative to other developed countries. Policy actions to enhance market competition can reduce price growth, but the scope to do so is limited. Chernew, Dafny, and Pany focus instead on ways to directly regulate health care prices, targeting economic rents and correcting market distortions.

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Reducing Administrative Costs in U.S. Health Care

David Cutler (Harvard University)

The U.S. health care sector is characterized by an unusual degree of administrative complexity and associated costs. Bargaining between payers and providers is often an important contributor to this complexity. David Cutler proposes a set of policy reforms that would directly address administrative costs and thereby slow health care cost growth.



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What to Do about Health-Care Markets? Policies to Make Health-Care Markets Work

Martin Gaynor (Carnegie Mellon University)

Health care markets in the U.S. tend to deviate far from the competitive ideal, thereby impairing quality, raising costs, and slowing innovation. Market structure and consolidation are a large part of the problem of insufficient competition. Martin Gaynor proposes policy reforms for hospitals, insurers, and health-care providers that would reduce barriers to entry, enhance price transparency, and strengthen antitrust enforcement.



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