

# Hospital Pricing Abuse:

## Reducing Competition



Hospital industry consolidation is reducing competition and handing already large hospitals more power—saddling employers and working families with fewer choices and bigger bills. By buying up small and independently run hospitals or physician practices, big hospital systems avoid competitors and competitive pricing, driving up community costs while limiting options for other care settings.

As America's employers, we are sounding the alarm on these exploitive practices. Here's what you need to know:



**Hospital consolidation has surged in recent decades.** In the last 30 years, more than 2,000 hospital mergers have taken place, reducing competition and driving a growing number of physicians into practices owned by large hospital systems.<sup>1</sup>



**Nearly half of U.S. metro areas are dominated by a single hospital system.** In monopoly markets, hospitals charge 12% more than in areas with healthy competition.<sup>2</sup> Market concentration doesn't just affect prices; it gives hospitals an unfair upper-hand in deciding contract terms—limiting employers' choice and negotiating power.



**Existing government incentives fuel hospital consolidation, with inflated site-based payments and 340B profits now key drivers.** Hospital systems seek to boost revenue by purchasing physician clinics and creating a network of child sites where hospital systems charge more for care provided within their networks and mark up discounted medicines intended for low-income patients by up to 11x their acquisition cost.<sup>3</sup>



**Rural communities are paying the price for hospital consolidation.** As large urban systems merge and expand, rural hospitals are left behind—or shut down entirely.<sup>4</sup> What is billed as “growth” often means fewer providers, longer drives, and less access for underserved populations—further deepening long-standing health inequities.

## Same Procedure, Different Costs: Spotlight on Facility Fees

When health systems acquire physician practices, the same routine care can suddenly cost significantly more—simply because the office is now hospital-owned. Patients often have no idea until the bill arrives, loaded with unexpected “facility fees” and higher charges. These surprise bills inflate premiums and drive up employers' overall spending.<sup>5</sup>

### DID YOU KNOW?

- Large hospitals acquired **2,800 physician practices** between 2022–2024,<sup>6</sup> often reclassifying them as hospital outpatient departments to then charge more for the same care.<sup>7</sup>
- An analysis of claims data found that costs for prevalent procedures, such as mammograms or colonoscopies, were as much as **58% more expensive** when performed in a hospital outpatient setting.<sup>8</sup>

We urge policymakers to rein in these abuses and promote greater transparency, accountability, and oversight in the hospital industry. To learn more about the movement for fair hospital pricing practices, visit the Employers Against Hospital Pricing Abuse website at [hospitalpricingabuse.org](https://hospitalpricingabuse.org).

<sup>1</sup> <https://www.kff.org/health-costs/issue-brief/ten-things-to-know-about-consolidation-in-health-care-provider-markets/>

<sup>2</sup> <https://www.nationalalliancehealth.org/wp-content/uploads/Pulse-of-the-Purchaser-Fall-2024.pdf>

<sup>3</sup> <https://www.pharmaceutical-technology.com/pricing-and-market-access/precise-magnitude-hospital-markups-us/>

<sup>4</sup> [https://www.realclearhealth.com/2022/11/29/community\\_hospitals\\_are\\_facing\\_an\\_impossible\\_dilemma\\_284909.html](https://www.realclearhealth.com/2022/11/29/community_hospitals_are_facing_an_impossible_dilemma_284909.html)

<sup>5</sup> <https://georgetown.app.box.com/v/statefacilityfeereport>

<sup>6</sup> <https://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/PAI-Research/PAI-Avalere>

<sup>7</sup> <https://www.cbo.gov/publication/57778>

<sup>8</sup> <https://www.bcbs.com/about-us/association-news/costs-for-common-health-care-procedures-significantly-higher-when-performed-in-hospital-outpatient-departments>

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HOSPITAL PRICING ABUSE**

