

## **Provider consolidation: The role of Medicare policy**

**ISSUE:** Different types of consolidation have important implications for the Medicare program and for the privately insured.

**KEY POINTS:** We will discuss three types of consolidation:

- Horizontal provider consolidation—where hospitals consolidate into larger systems
- Vertical financial integration—where hospital systems acquire physician practices
- Vertical integration of provider functions and acceptance of insurance risk by ACOs or MA plans—providers take on insurance risk or insurers acquire providers

**ACTION:** Commissioners should be prepared to discuss the implications of these recent consolidation trends.

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