

STUDY: Hospitals Charged California Private Insurers 300% of Medicare in 2022: Rand

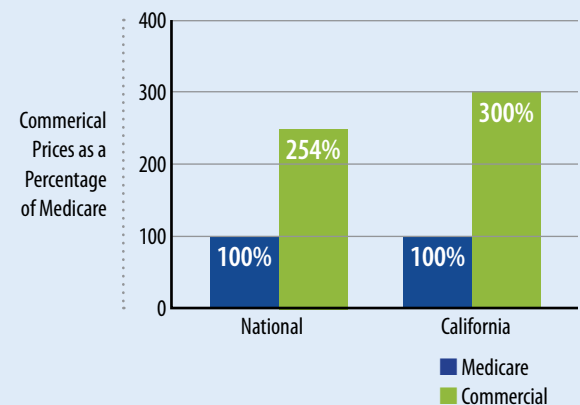
Hospital-negotiated prices spiked from 2020 to 2022, with commercial insurer and health plan payments to hospitals amounting to 254% of Medicare rates on average, according to a new study published by [RAND](#).

The study analyzed 2020 and 2022 medical claims data from all states, except Maryland. It covers hospital and other provider spending to show variation in hospital prices across the country. The study found “wide variation in hospital prices,” with California having amongst the highest prices in the nation.

The RAND study is the latest to shine a light on hospital prices and notes that hospital spending accounted for 42% of total U.S. personal health care spending for privately insured individuals in 2022. **One of the largest contributors to spending increases among privately insured populations is hospital price increases**, while federal policies have “sought to improve the transparency of prices in this market but have had little success,” the study says.

The study’s findings have implications for the overall cost of health care and show that much needs to be done to improve affordability.

Medicare Payments vs. Commercial Payments, 2022



Some of the key findings of the study include:

- California was one of several states that had relative hospital prices that were above 300% of Medicare prices.
- In 2022, across all hospital inpatient and outpatient services, employers and private insurers paid, on average, 254% of what Medicare would have paid for the same services at the same facilities.

■ On Transparency:

“CMS policies require hospitals to post prices for common services. However, hospitals are largely noncompliant, and CMS has been reluctant to enforce these requirements.”

“Penalties for noncompliance are low, and many hospitals do not post price information. Some hospitals have sought to further hide price information from search results.”

■ On High-Priced Drugs:

“Commercial insurance prices for administered drugs received in a hospital setting averaged 278% of average sales price compared with 106% of average sales price paid by Medicare for administered drugs.”