

Enabling competition in the provider markets

by Fred Gluck

Concurrent with the establishment of the GAP, CMS would establish complementary nationwide reference prices for all covered hospital-based and professional services and products using, for example, the inpatient prospective payment system now used for Medicare reimbursement. These prices would be published and phased in over a few years as benchmark reimbursement rates for insurers or prices for self-pay consumers. Providers would be free to offer higher or lower prices than the benchmarks based on higher quality or more efficient operations but could not differentiate among payers. This will create a transparent, competitive health care market and allow free market forces to set prices. This improved transparency will also facilitate continual cost reduction and more effective control of overutilization and fraud.