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## Physician Practice Competition and Prices Paid by Private Insurers for Office Visits

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### ABSTRACT

ABSTRACT | INTRODUCTION | METHODS | RESULTS | DISCUSSION | CONCLUSIONS | ARTICLE INFORMATION | REFERENCES

**Importance** Physician practice consolidation could promote higher-quality care but may also create greater economic market power that could lead to higher prices for physician services.

**Objective** To assess the relationship between physician competition and prices paid by private preferred provider organizations (PPOs) for 10 types of office visits in 10 prominent specialties.

**Design and Setting** Retrospective study in 1058 US counties in urbanized areas, representing all 50 states, examining the relationship between measured physician competition and prices paid for office visits in 2010 and the relationship between changes in competition and prices between 2003 and 2010, using regression analysis to control for possible confounding factors.

**Exposures** Variation in the mean Hirschman-Herfindahl Index (HHI) of physician practices within a county by specialty (HHIs range from 0, representing maximally competitive markets, to 10 000 in markets served by a single [monopoly] practice).

**Main Outcomes and Measures** Mean price paid by county to physicians in each specialty by private PPOs for intermediate office visits with established patients (*Current Procedural Terminology* [CPT] code 99213) and a price index measuring the county-weighted mean price for 10 types of office visits with new and established patients (CPT codes 99201-99205, 99211-99215) relative to national mean prices.

**Results** In 2010, across all specialties studied, HHIs were 3 to 4 times higher in the 90th-percentile county than the 10th-percentile county (eg, for family practice: 10th percentile HHI = 1023 and 90th percentile HHI = 3629). Depending on specialty, mean price for a CPT code 99213 visit was between \$70 and \$75. After adjustment for potential confounders, depending on specialty, prices at the 90th-percentile HHI were between \$5.85 (orthopedics; 95% CI, \$3.46-\$8.24) and \$11.67 (internal medicine; 95% CI, \$9.13-\$14.21) higher than at the 10th percentile. Including all types of office visits, price indexes at the 90th-percentile HHI were 8.3% (orthopedics; 95% CI, 5.0%-11.6%) to 16.1% (internal medicine; 95% CI, 12.8%-



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19.5%) higher. Between 2003 and 2010, there were larger price increases in areas that were less competitive in 2002 than in initially more competitive areas.

**Conclusions and Relevance** More competition among physicians is related to lower prices paid by private PPOs for office visits. These results may inform work on policies that influence practice competition.

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