FAC'TORS UNDERLYING VARIATION IN INPATIENT HOSPITAL PRICES

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INTRODUCTION

Variation in prices paid to health care providers for the same services is a well-documented national phenomenon. This price variability can be attributed to many factors, including the way hospitals compete for patients, the number of competitors, the type of services provided, and the characteristics of the patient population. This study aims to identify factors underlying variation in inpatient hospital prices.

RESEARCH OBJECTIVE

The objective of this study is to identify factors underlying variation in inpatient hospital prices. We will examine the effects of hospital characteristics, market competition, and patient characteristics on hospital price variation.

We developed a multivariate regression analysis to examine price variation of 60 Massachusetts acute care hospitals among 34 commercial payers. We included hospital characteristics, market competition, and patient characteristics in the model to identify factors underlying hospital price variation.

RESULTS

We found that a substantial portion of hospital price variation is associated with the type of care provided, even after accounting for case mix.