Within hospitals, Medicaid and Medicare prices are substantially lower than Commercial prices.

Hospitals with a monopoly in their Service Area charge significantly higher prices, especially for Commercial payers.

\[
\log_{10}(\text{Price}) = \text{HRR Hospital Market HHI} \times \text{Insurance Market HHI} \\
+ \text{Hospital Service Area Monopoly} \\
+ \text{Payer Type} \\
+ \text{Hospital Characteristics} \\
+ \text{Fixed State and Procedure Code Effects}
\]

Linear Regression Results (model fit on log-transformed mean prices):
- Insurance Market Concentration had a slight but significant negative correlation with prices for all procedures except Incisional Hernia.
- Tertiary Hospital Market Concentration did not have a significant effect on procedure prices.
- Hospital Service Area Monopoly status had a large and significant effect for all procedures, stronger among Commercial payers.

\[
\Delta \text{Commercial - Medicare} = \text{Price}_{\text{Commercial}} - \text{Price}_{\text{Medicare}}
\]

Intra-Hospital Price Differences by Payer Type:

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Commercial-Medicare</th>
<th>Medicare-Medicare</th>
<th>Commercial-Medicaid</th>
<th>Medicare-Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendectomy</td>
<td>$5,979*</td>
<td>$10,205*</td>
<td>$6,334*</td>
<td>$7,900*</td>
</tr>
<tr>
<td>Colectomy</td>
<td>$10,205*</td>
<td>$12,622*</td>
<td>$9,588*</td>
<td>$9,379*</td>
</tr>
<tr>
<td>Laparoscopic Cholecystectomy</td>
<td>$6,334*</td>
<td>$9,588*</td>
<td>$9,379*</td>
<td>$746*</td>
</tr>
<tr>
<td>Incisional Hernia</td>
<td>$7,900*</td>
<td>$9,379*</td>
<td>$746*</td>
<td></td>
</tr>
</tbody>
</table>

Paired t-tests of mean surgical prices within each payer type for each hospital found Commercial prices were the highest followed by Medicare then Medicaid.

Reported Medicaid and Medicare prices are significantly lower and are less affected by changes in healthcare market concentration compared to Commercial prices.

Prices for these common surgeries are not affected by tertiary hospital market but are roughly 5-8% higher within monopolistic local hospital markets.

Most Local Hospital Markets are monopolistic: of 1,144 acute-care hospitals located within Metropolitan Statistical Areas, over one third are the only hospital within their Hospital Service Area (38%).

Previous literature has found that more concentrated hospital markets are associated with higher costs, while more concentrated insurance markets are associated with lower costs. This study is one of the first to use a greatly expanded dataset of surgical prices available due to price transparency regulations from the Centers for Medicare and Medicaid Services in 2021.