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Will Bundling Payments to Providers Slow Rising Health Care Prices?  
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Overall, we use less health care per capita than they do in other countries, but prices for everything you can name are twice or three times as high here as they are [in other countries]. Having a baby in Germany with [a] doctor, hospital, costs you $3,000. Here, it’s anywhere from $7,000 to $15,000. Name anything, whether it’s a pill, a stent, whatever it may be, you will find we’re paying twice or three times as much. I cannot believe that we will go through this decade without someone discovering prices are the culprit and we need to focus in on that. Bundled payments are just an elegant way to get around that. To say, ‘Why don’t we … just make [prices] disappear into a bundle.’

The concept of bundled payment is really this. You have a medical condition and you should have evidence-based, clinical pathways of dealing with that; sort of, what is the best practice of dealing with that condition? And, what services would that take from specialists, drugs, imaging, all these services, you list them. If you were to price these services out at existing fee-for-service prices, you would get a bundled price for that. The hope is the bundled price that you will actually negotiate or put in place would be less than that, would be less than that set of best practice services, priced out at current fee-for-service, that somehow that bundle should be less. If it doesn’t do that, you don’t save anything.

The big fear is that the ACO’s, the accountable care organizations, could create local monopolies that could dictate to you what that bundled price would be, and some of us fear that bundled prices might be even more than what the fee-for-service for that bundle would be today. That’s the fear, and if we had bundled payments, how do they get set? That then gets to the idea, you really should align all the payers and say, let us jointly negotiate with the ACOs what those bundles should be so that they cannot divide and rule and sort of make us on the buy side weak.