Various Forms of Hospital Price Controls (Source: Bailit Health)

- **Hospital Global Budgets**

A fixed payment, determined prospectively, that is based on historical utilization and adjusted annually based on changing demographics, market share and case mix.

- **Hospital Price Caps**

Also referred to as reference-based pricing, limits the payment amounts for hospital services. These limits are established in reference to an external payment benchmark, usually a percentage of Medicare.

- **Hospital Price Growth Caps**

Limits how much provider payments can grow each year; the cap can be linked to an economic indicator such as the Consumer Price Index (CPI) or gross state product (GSP) growth.

- **Site Neutral Payments**

Seek to eliminate price differences between outpatient services delivered within hospital-owned outpatient settings and lower-cost physician offices or freestanding facilities (i.e., same service, same payment).

Hospital Price Control Success Stories

- **Vermont achieved a 20% cut in reimbursement rates paid to the largest hospital system in the State over the past 2 years.**

https://www.mynbc5.com/article/green-mountain-care-board-approves-aggressive-cuts-to-uvm-revenue-rates/73729982

- **Oregon implemented referenced based pricing for hospital service in 2017 for its public employee health plan which resulted in over $100 million in savings over the first two years.**
- **In 2010, Rhode Island's Office of the Health Insurance Commissioner implemented "Affordability Standards" for all commercial insurers in the state, results in an average annual savings of $87 million.**

https://chir.georgetown.edu/a-menu-for-health-care-affordability-how-states-are-delivering-savings-through-hospital-price-regulation/

Hospital Price Controls and the GIC



- The Health Policy Committee (HPC) conducted a study using GIC data from 2025
- The HPC applied a reference based pricing model to the GIC inpatient and outpatient hospital facility claims, using 200% of Medicare as the reference point.
- The study showed that GIC would save 10s of millions of dollars annually by adopting this payment model
- 90% of the saving came from five large medical systems in the state, with over 50% of the savings attributable to just one medical system.