



Study Resolution

Vertically Integrated Carriers and Providers

Authorized by the Joint Commission on Healthcare on December 7, 2022

WHEREAS, consolidation of the health care industry is an increasing trend nationally and in Virginia; and

WHEREAS, there are several types of consolidation, including vertically integrated carriers, where there is a joint ownership interest between payers (insurance carriers) and providers (health systems, including hospitals); and

WHEREAS, several health systems in Virginia may be considered vertically integrated carriers because they own, are owned by, or are under common ownership or control with insurance providers; and

WHEREAS, vertical integration is intended to reduce health care expenditures by utilizing economies of scale, improving care coordination for patients, and streamlining the delivery of care; and

WHEREAS, vertical integration also creates the potential for exclusion of non-integrated carriers and providers from the integrated carrier's health plan or services, thereby restraining competition in the health care market; and

WHEREAS, the effects of vertically integrated carriers on the quality and affordability of health care are largely unknown; and

WHEREAS, legislation to increase state regulation and oversight of vertically integrated carriers has been introduced in the Virginia General Assembly for the last five years and was referred to the Joint Commission on Health Care during the 2022 session, now, therefore be it

RESOLVED, by the Joint Commission on Health Care, that staff be directed to study the extent of vertically integrated carriers in Virginia's health care market and the impact on patients.

In conducting its study, staff shall (i) evaluate the scope of vertically integrated carriers in Virginia and nationally over time; and (ii) determine, where possible, the impact of vertically integrated carriers on patients' access to services, costs (including any differences in reimbursement for services between affiliated and non-affiliated providers), and quality of care.

The Joint Commission on Health Care shall review other related issues as warranted.

In accordance with § 30-169.1 of the Code of Virginia, all agencies of the Commonwealth, including the Virginia Bureau of Insurance, the Virginia Department of Health, the Virginia

Department of Medical Assistance Services, and Virginia Health Information and shall provide assistance, information, and data to the Joint Commission on Health Care for this study upon request.