

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115
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Minority (202) 225-3641
March 13, 2018

Dr. Martin S. Gaynor
E.J. Barone University Professor of Economics and Health Policy
Heinz College
Carnegie Mellon University
5000 Forbes Avenue
Pittsburgh, PA 15213

Dear Dr. Gaynor:


Thank you for appearing before the Subcommittee on Oversight and Investigations on February 14, 2018, to testify at the hearing entitled "Examining the Impact of Health Care Consolidation."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Tuesday, March 27, 2018. Your responses should be mailed to Ali Fulling, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to Ali.Fulling@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Gregg Harper
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Diana DeGette, Ranking Member, Subcommittee on Oversight and Investigations

Attachment

Attachment—Additional Questions for the Record

The Honorable Earl “Buddy” Carter

1. CMS data demonstrates a substantial migration of common procedures to higher-cost sites of service in hospital outpatient departments. For example, over the last several years (between 2010-2014), 6 percent of diagnostic colonoscopies have migrated into hospital outpatient departments that were previously performed in an ambulatory surgery center. (This costs both Medicare and its beneficiaries significantly more, as Medicare spends \$937 on diagnostic colonoscopies performed in hospital outpatient departments compared to \$488 in ambulatory surgery centers. In addition, knee arthroscopy is down 16% in ASC and up 13% in HOPD.

This migration out of cheaper site-of-service is driven largely by hospital acquisition of physician practices, which in turn drives referrals. According to the Physician’s Advocacy Institute, physician employment by hospitals grew by 49% between 2012 and 2015. What’s more, for certain cardiology, orthopedic and gastroenterology services, hospital employment of physicians results in up to 27% higher costs for Medicare and 21% higher costs for patients.

- a. Do you agree that the consolidation in healthcare, it’s impact on physician referral practices and the migration of routine procedures to higher-cost settings are related?
- b. What can be done to ensure physicians offer Medicare beneficiaries and other patients access to the most efficient, high-quality and cost-effective care options?
- c. Should ASC payment updates be tied to similar hospital outpatient facilities, so that independent physicians have a better chance to compete rather than becoming employed doctors?

Representative Yvonne Clarke

1. The current average price for a pair of eyeglasses is now around \$400 per pair. Even as the price of eyeglasses is rising year-over-year, the eyewear industry is considering further consolidation. As it stands now, the market for eyeglass frames in the U.S. is largely dominated by one company, Luxottica, which owns and manufactures many of the top eyewear and sunglass brands. Notwithstanding its market dominance, Luxottica has proposed a merger with Essilor, a French company that controls around 70% of the market share for lenses and the equipment to produce them. Together, a combined Luxottica-Essilor company would control and dominate the entire supply chain in the eyewear market.
 - a. How do you think this merger will impact the price of eyeglasses?
 - b. Do you think this merger will make it more difficult for smaller frame manufacturers, rival lens producers, and independent optometrists to compete and negotiate for market-based prices?