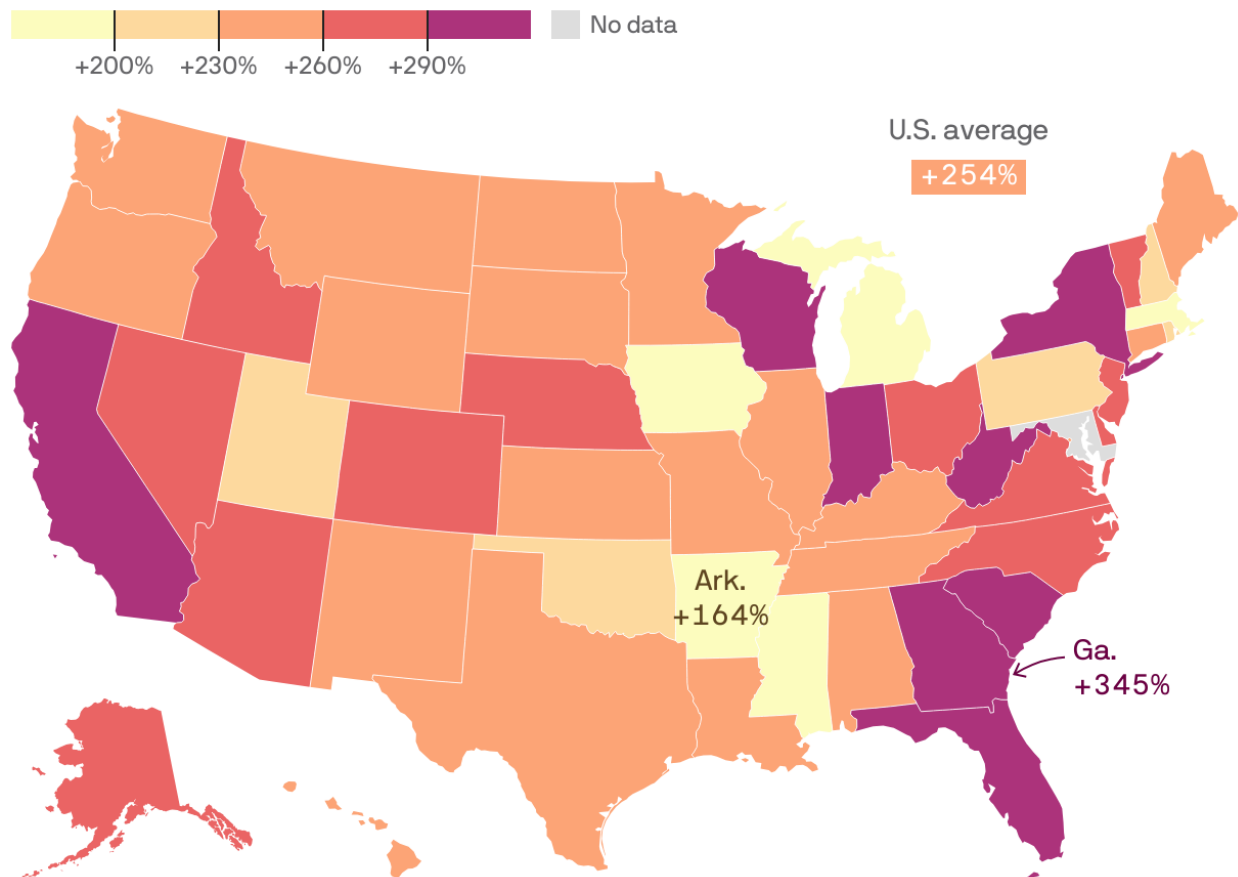


# Average amounts paid to hospitals by commercial health insurers, compared to what Medicare would pay

As of 2022



Data: RAND; Map: Erin Davis/Axios Visuals

**Private health insurance** on average pays hospitals 2.5 times what Medicare does for thesame services, with some states seeing relative prices of more than 3 times greater, according to a new RAND report.

**Why it matters:** The wide range of prices can't be explained by differences in quality, report authors said.

- While it's well established that private insurers pay higher rates than Medicare, researchers said the amount of variation suggests employers have an opportunity to negotiate better deals with hospitals, which account for 42% of U.S. health spending for the privately insured.

- "There might be valid reasons why one hospital is more expensive than the other. But there's definitely some room for shopping, shall we say?" principal investigator Brian Briscoombe told Axios.

**The report** flags wide ranges of prices within the same market. For instance, it found private insurers paid three times Medicare to one hospital while they only paid two times Medicare at another hospital in the same city with the same quality rating, Briscoombe said.

**The other side:** The American Hospital Association said the report "offers a skewed and incomplete picture of hospital spending" and only reinforces that hospitals are "chronically underpaid" by Medicare.