ABSTRACT

Fragmented health care occurs when care is spread out across a large number of poorly coordinated providers. We analyze care fragmentation, an important source of inefficiency in the US healthcare system, by combining an economic model of regional practice styles with an empirical study of Medicare enrollees who move across regions. Roughly sixty percent of cross-regional variation in care fragmentation is independent of patients’ clinical needs or preferences for care. A one standard deviation increase in regional fragmentation is associated with a 10% increase in care utilization. We distinguish between two sources of care fragmentation: primary care fragmentation, where a patient’s care is split across many general practitioners, and specialty fragmentation, where a patient’s care is split across many distinct types of specialists. While both types of fragmentation are associated with higher total utilization, more total visits, and fewer visits with primary care providers, primary care fragmentation also leads to significant increases in hospitalizations. We demonstrate these findings are not explained by regional differences in population density or physician capacity. Applying our model, we identify conditions under which anti-fragmentation policies can improve efficiency.

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