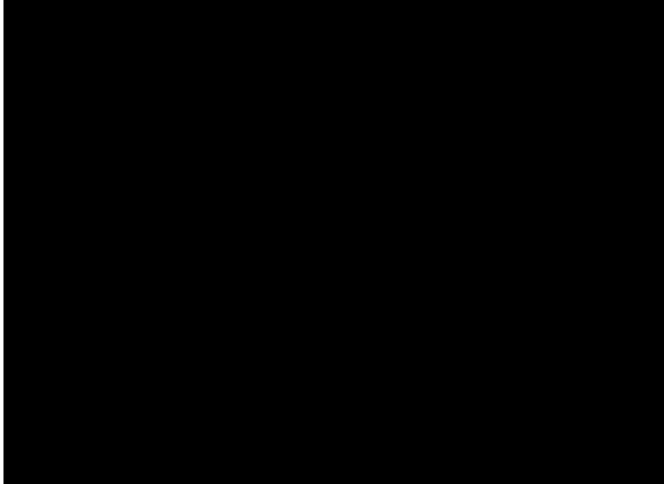
Determining Indiana Hospital Value: Assessment of Prices and Quality

Denny Darrow, Employers' Forum Chairman and

Gloria Sachdev, Employers' Forum President and CEO

Employers' Forum of Indiana All-Stakeholder Meeting September 20, 2017

Robert Wood Johnson Foundation Video Clip on Value

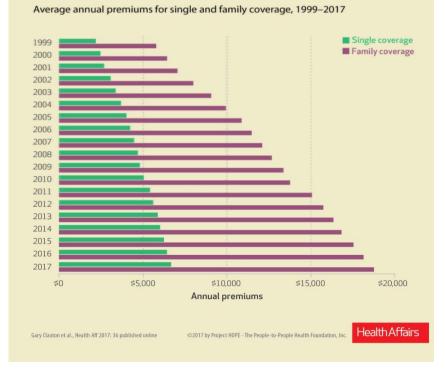


Average Annual Premiums For Single and Family Coverage Increasing

EMPLOYER-SPONSORED FAMILY HEALTH PREMIUMS

In 2017, some 151 million Americans rely on employer-sponsored coverage. According to the nineteenth annual Kaiser Family Foundation (KFF)/Health Research & Educational Trust (HRET) 2017 Employer Health Benefits Survey, released today, annual family premiums for employersponsored health insurance rose an average of 3 percent to \$18,764 this year, continuing a six-year run of relatively modest increases. Health Affairs is releasing a Web First with selected findings from the report.

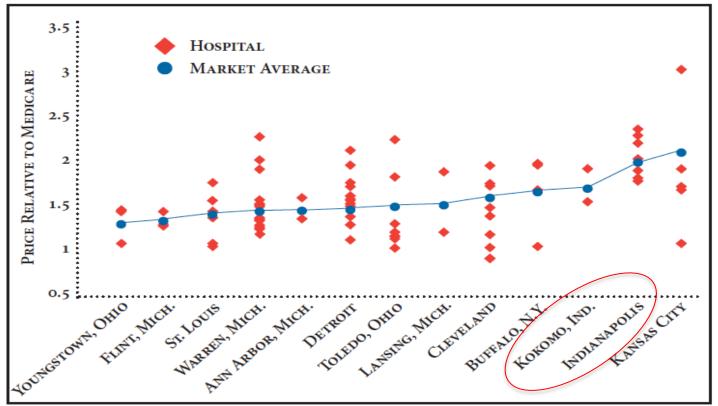
Health Benefits In 2017: Stable Coverage, Workers Faced Considerable Variation In Costs By Gary Claxton, Matthew Rae, Michelle Long, Anthony Damico, Heidi Whitmore, and Gregory Foster



Comparative Private Inpatient Prices

Figure 1

Variation in Hospital Inpatient Prices for Privately Insured Patients Across and Within 13 U.S. Markets



Notes: Markets are sorted from left to right based on the average market price, represented by blue dots. Each red diamond represents the price paid to an individual hospital for inpatient services. Hospitals are shown only if they provided at least 50 inpatient admissions to enrollees in the autoworker health plans. The market average price is weighted by the number of autoworker inpatient admissions.

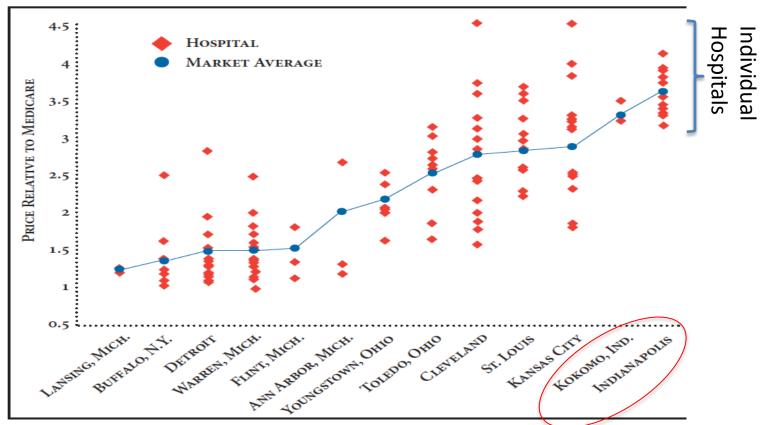
Source: Authors' calculations using 2011 claims data from nonelderly privately insured autoworkers and dependents

White, Chapin, James D. Reschovsky, and Amelia M. Bond, Inpatient Hospital Prices Drive Spending Variation for Episodes of Care for Privately Insured Patients, National Institute for Health Care Reform, Number 14, February, 2014. http://nihcr.org/Episode-Spending-Variation.

Comparative Private Outpatient Prices

Figure 2

Variation in Hospital Outpatient Prices for Privately Insured Patients Across and Within 13 U.S. Markets



Notes: Markets are sorted from left to right based on the average market price, represented by blue dots. Each red diamond represents the price paid to an individual hospital for outpatient services. Hospitals are shown only if they provided at least 100 outpatient services to enrollees in the autoworker health plans. The market average price is weighted by the number of autoworker outpatient visits.

Source: Authors' calculations using 2011 claims data from nonelderly privately insured autoworkers and dependents

White, Chapin, James D. Reschovsky, and Amelia M. Bond, *Inpatient Hospital Prices Drive Spending Variation for Episodes of Care for Privately Insured Patients, National Institute for Health Care Reform, Number 14, February, 2014. http://nihcr.org/Episode-Spending-Variation.*

Private Insurer Inpatient Prices Relative to Medicare (2011 claims data)

Supplementary Table 1

Distribution Across and Within Markets of Private Insurer Hospital Inpatient Prices Relative to Medicare

Market	Average Price (1.00 = Medicare)	RATIO OF 75TH Percentile to 50TH Percentile	RATIO OF 90TH Percentile to 50TH Percentile	HIGHEST PRICE Among Facilities with Significant Volume		
Kansas City	2.07	1.26	1.66	3.01		
Indianapolis	1.88	1.08	1.19	2.29		
Kokomo, Ind.	1.67	1.19	1.19	1.84		
Buffalo, N.Y.	1.58	$11 \sin \sigma 2012$	2010 aloima	1.90		
Cleveland	1.51	Using 2013-	1.83			
Lansing, Mich.	1.46	data, averag	1.62			
Detroit	1.42	inpatient re	2.12			
Toledo, Ohio	1.42		2.18			
Warren, Mich.	1.38	now 2.17	2.24			
Ann Arbor, Mich.	1.37	1.00	1.00	1.60		
St. Louis	1.32	1.22	1.40	1.72		
Flint, Mich.	1.26	1.00	1.08	1.35		
Youngstown, Ohio	1.24	1.01	1.02	1.33		

Notes: Prices are measured at the hospital level, and percentiles are calculated weighting each hospital by the number of inpatient discharges provided to the autoworkers. "Facilities with significant volume" only includes hospitals providing 50 or more inpatient admissions to the autoworkers.

Source: Authors' calculations using 2011 claims data from nonelderly privately insured autoworkers and dependents

White, Chapin, James D. Reschovsky, and Amelia M. Bond, Inpatient Hospital Prices Drive Spending Variation for Episodes of Care for Privately Insured Patients, National Institute for Health Care Reform, Number 14, February, 2014. http://nihcr.org/Episode-Spending-Variation.

Private Insurer Outpatient Prices Relative to Medicare

(2011 claims data)

Supplementary Table 2

Distribution Across and Within Markets of Private Insurer Hospital Outpatient Prices Relative to Medicare

Market	Average Price (1.00 = Medicare)	RATIO OF 75TH Percentile to 50TH Percentile	RATIO OF 90TH Percentile to 50TH Percentile	HIGHEST PRICE Among Facilities with Significant Volume			
Indianapolis	3.64	1.12	1.19	4.18			
Kokomo, Ind.	3.37	1.08	1.08	3.53			
Kansas City	2.92		4.55				
St. Louis	2.87	Using 2013-2	3.66				
Cleveland	2.79	data, average	4.54				
Toledo, Ohio	2.53	inpatient rela	3.13				
Youngstown, Ohio	2.22	is now 3.58	2.53				
Ann Arbor, Mich.	2.05		2.65				
Flint, Mich.	1.53	1.33	1.33	1.77			
Warren, Mich.	1.52	1.03	1.20	2.48			
Detroit	1.49	1.00	1.00	2.83			
Buffalo, N.Y.	1.35	1.36	1.36	2.54			
Lansing, Mich.	1.27	1.03	1.03	1.28			

Notes: Prices are measured at the hospital level, and percentiles are calculated weighting each hospital by the number of outpatient services provided to the autoworkers. "Facilities with significant volume" only includes hospitals providing 100 or more outpatient services to the autoworkers.

Source: Author's calculations using 2011 claims data from nonelderly privately insured autoworkers and dependents

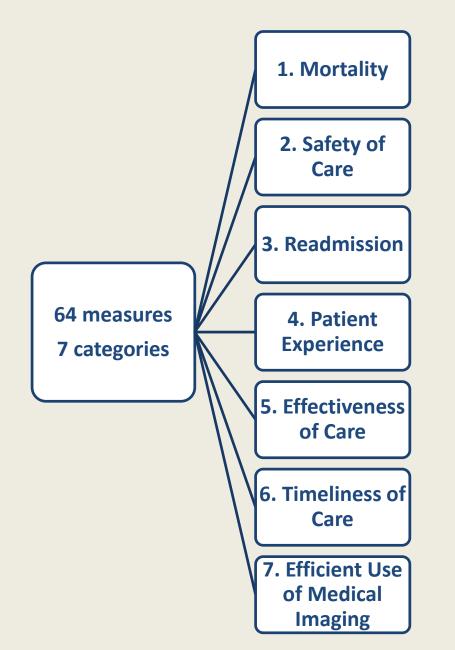
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7

Aim to Pay for Value



Overall Hospital Quality Star Rating



CMS Hospital Compare Quality Measure

Wide agreement from CMS, the hospital industry, and key stakeholders: The Joint Commission, National Quality Forum and Agency for Healthcare Research and Quality

CMS Hospital Compare Quality Measure

- Methodology for the Overall Hospital Quality Star Rating was developed with significant input from a Technical Expert Panel (TEP) and refined after public input
 - TEP: nominated individuals with various expertise

QualityNet

- 3 Meetings: established the inclusion criteria for measures to be included in the star rating, and the methodology to calculate the star rating
- Quality Net: <u>https://www.qualitynet.org/dcs/ContentServer?c=Page&pagen</u> <u>ame=QnetPublic/Page/QnetTier3&cid=1228775957165</u>
- Specialized and cutting edge care that certain hospitals provide, such as specialized cancer care, are not reflected in these quality ratings

Forum created tables per Health-System noting relative inpatient price, relative outpatient price, CMS Hospital Compare Quality Star Rating

Open Discussion on Value



Next Steps

Employers: consider which purchasing strategies to employ

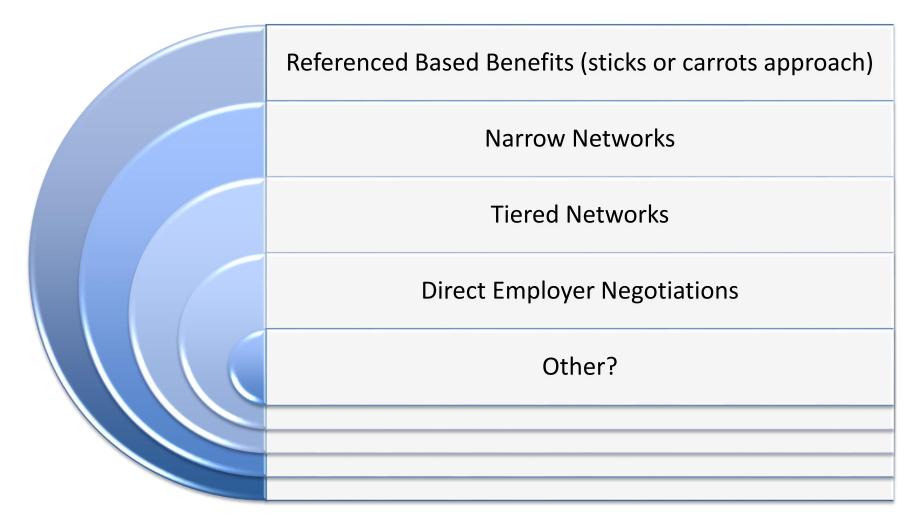
Forum: create a Hospital Quality Task Force – invitations will be sent

- Participants: hospital quality directors, employers, health plans
- Timeline: meet monthly for 6 months, Oct 2017 March 2018

RAND: Conduct price study next year

- Aim to include more employers' claims data
- Aim to broaden analyses, TBD suggestions welcome

Employer Purchasing Strategies to Reward VALUE



Questions?



Forum Quality Task Force Could Consider: Developing a Dashboard using CMS Hospital Compare Quality Measure

		The 7 Measure Categories That Comprise the Star Rating								
Star Rating	Hospital name	Mortality	Safety of Care	Readmission	Patient Experience*	Effectiveness of Care	Timeliness of Care*	Efficient Use of Medical Imaging*		Overall Nat'l Comparison
3	Hospital - Lake County	1	0	-1	-1	0	0	0	-1	Below
3	Hospital - South Bend	0	1	0	0	0	0	0	1	Above
3	Hospital - Lafayette	0	0	0	0	0	1	0	1	Above
5	Hospital - Kokomo	0	1	1	1	0	0	0	3	Above
2	Hospital - Jasper	0	1	-1	0	0	0	0	0	Same
4	Hospital - Evansville	0	1	1	1	0	0	0	3	Above
4	Hospital - Indy (downtown)	1	1	1	1	1	-1	0	4	Above
3	Hospital - Indy (west)	0	0	0	0	0	0	0	0	Same
2	Hospital - Indy (east)	0	n/a	-1	-1	n/a	1	n/a	-1	Below
n/a	Hospital - Vincennes	n/a	n/a	n/a	1	0	n/a	n/a	1	Above
	No. of Hospitals Above Average	2	5	3	4	1	2	0		
	No. of Hospitals Below Average	0	0	3	2	0	1	0		
	No. of Hospitals with n/a	1	2	1	0	1	1	2		
%(of Hospitals Above Average	_Ք 20%	50%	30%	40%	10%	20%	0%		
% (of Hospitals Below Average	0%	0%	30%	20%	0%	10%	0%		
	% of Hospitals with n/a	10%	20%	10%	0%	10%	10%	20%		

National Average Comparison

1 Above Nat'l Average

0 Same As The Nat'l Average

-1 Below The Nat'l Average

* The 3 measure categories that may apply to a commercially insured population