



EMPLOYER-LED NATIONAL HOSPITAL PRICE TRANSPARENCY INITIATIVE

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All-Stakeholder Meeting

AIM THE OF EMPLOYERS' FORUM OF INDIANA

To improve the value received by employers, employees, and the general public for their healthcare expenditures

- Value includes measures of quality (clinical, patient, satisfaction, and efficiency) and price
- Achieving sustainable high value requires a multi-stakeholder effort



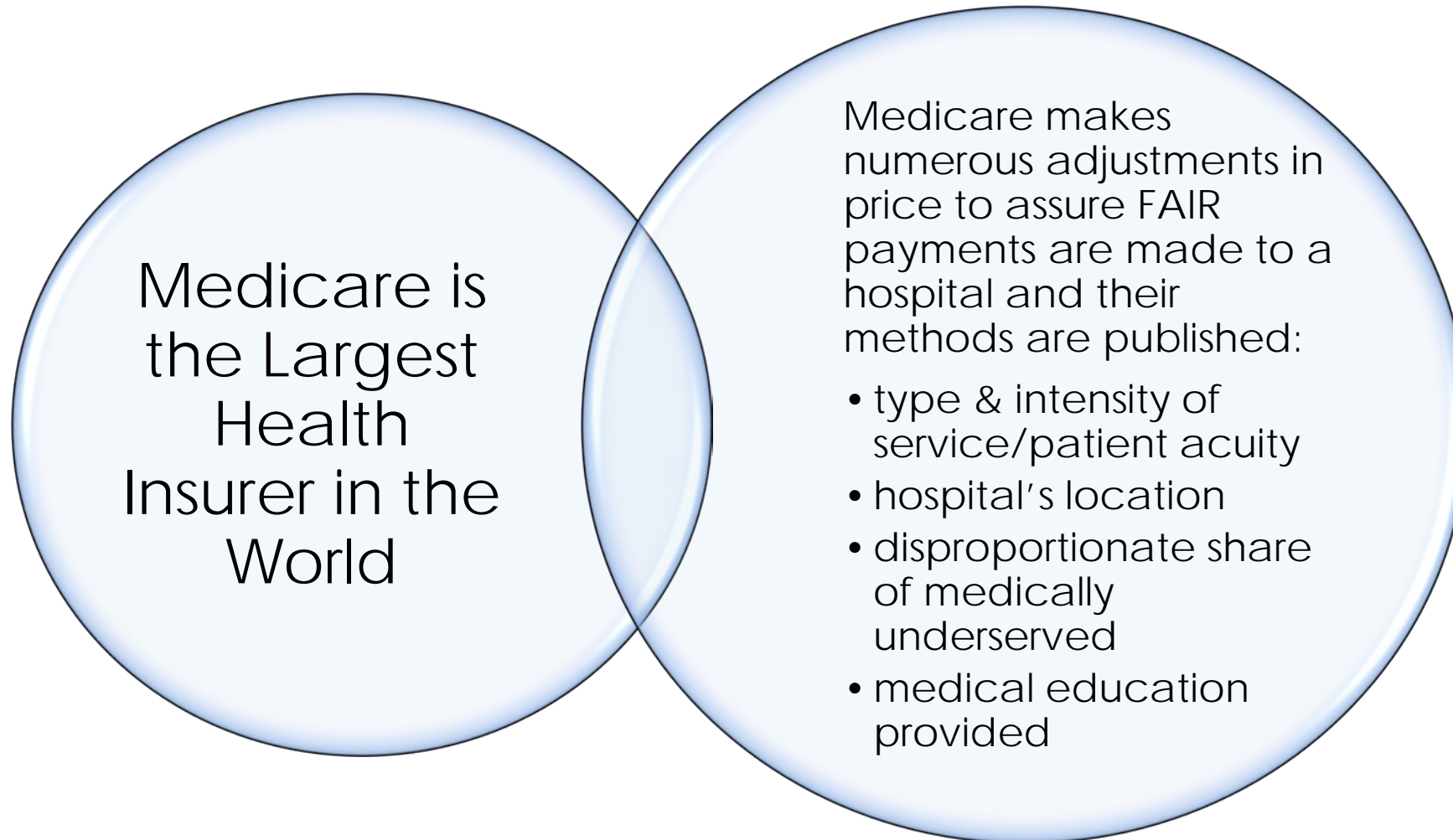
PRICE TRANSPARENCY ANALYSIS

Aim:
To develop a
fair method
to compare
hospital prices
for public
reporting

- The best method the Forum believed was to convert allowable payments made by employers to what Medicare would have paid for the exact service, thus report **relative prices**
- For Example: the report would show that employers paid Hospital "A" 200% or 2X on average what Medicare would have paid and Hospital "B" was paid 350% or 3.5X on average what Medicare would have paid



THE RATIONALE FOR USING MEDICARE TO LEVEL SET ALL COMMERCIAL HOSPITAL PAYMENTS



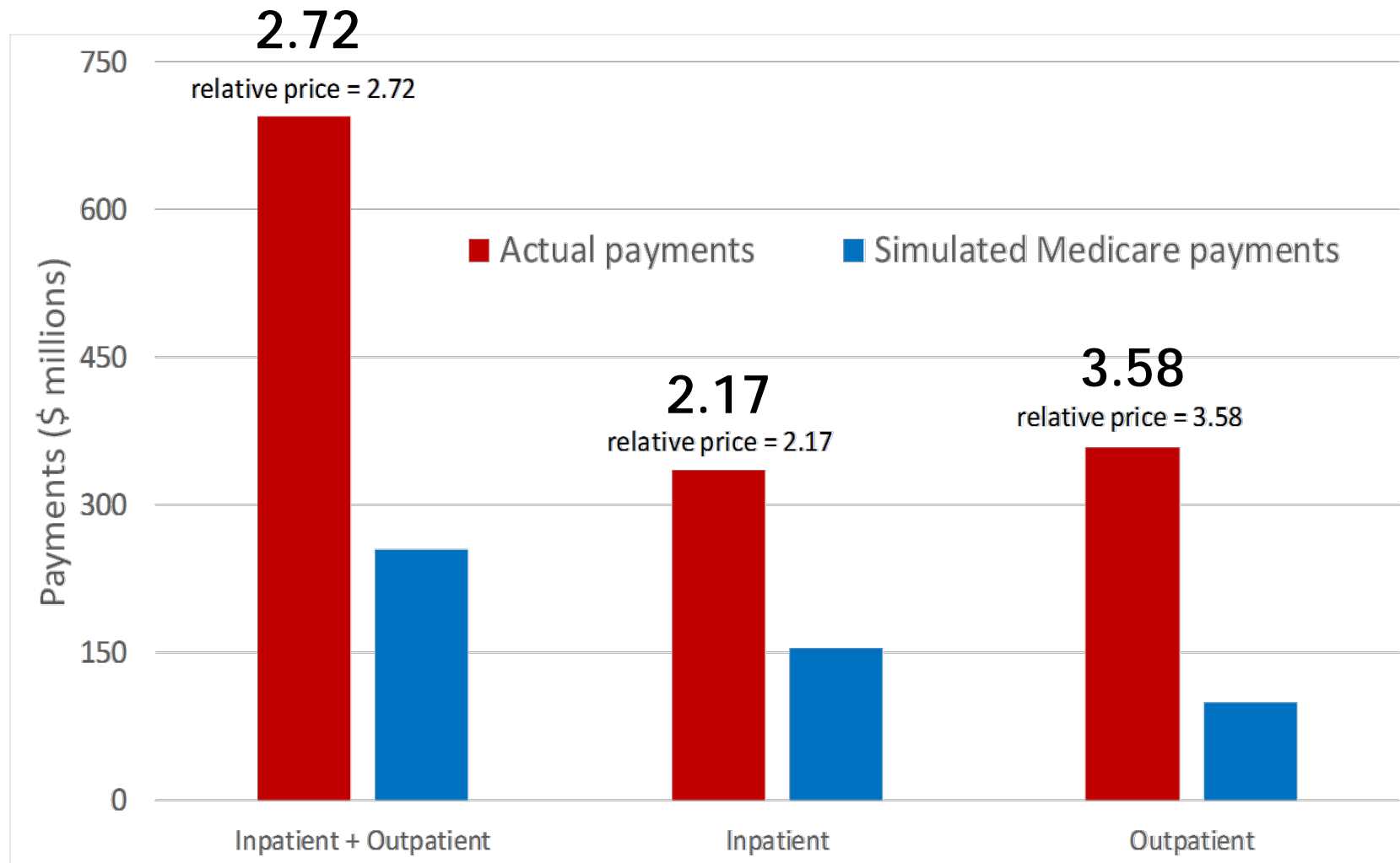
BACKGROUND: FORUM-RAND EMPLOYER HOSPITAL PRICE STUDY 1.0

- Study time period was July 2013 to June 2016
 - ~225,000 covered lives in Indiana
 - 120 community hospitals in Indiana
 - All hospital inpatient and outpatient services
 - Total paid claims was \$695 million
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- Full report of study findings: freely downloadable from RAND's website:
https://www.rand.org/pubs/research_reports/RR2106.html



FORUM RAND STUDY 1.0 FINDINGS

INDIANA HOSPITAL AVERAGE PRICE RELATIVE TO MEDICARE (COMBINED OUTPATIENT & INPATIENT PRICES)

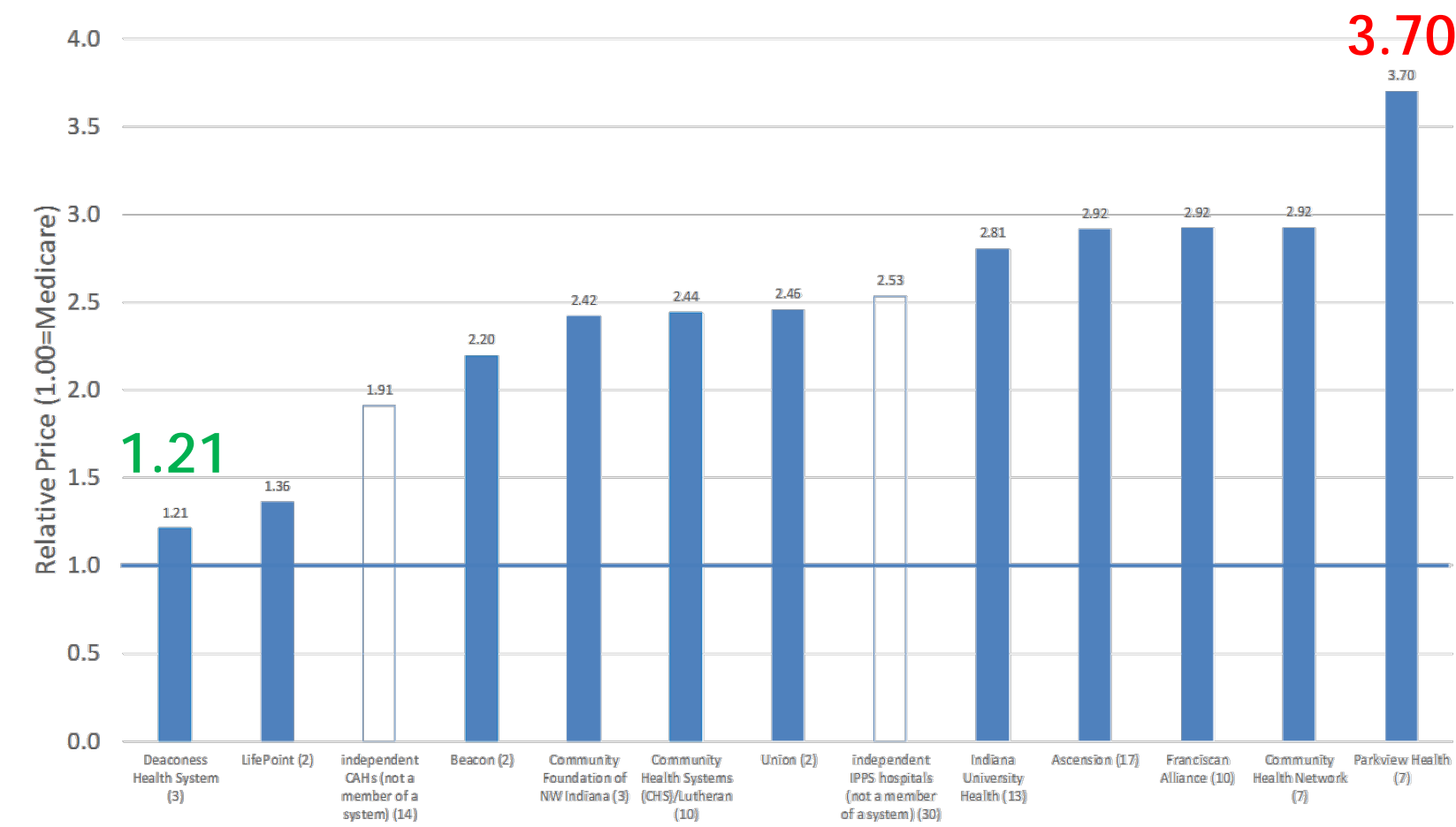


Source: White, 2017, Hospital Prices in Indiana.



RAND STUDY FINDINGS

HOSPITAL/HEALTH-SYSTEM AVERAGE RELATIVE TO MEDICARE (COMBINED OUTPATIENT & INPATIENT PRICES)

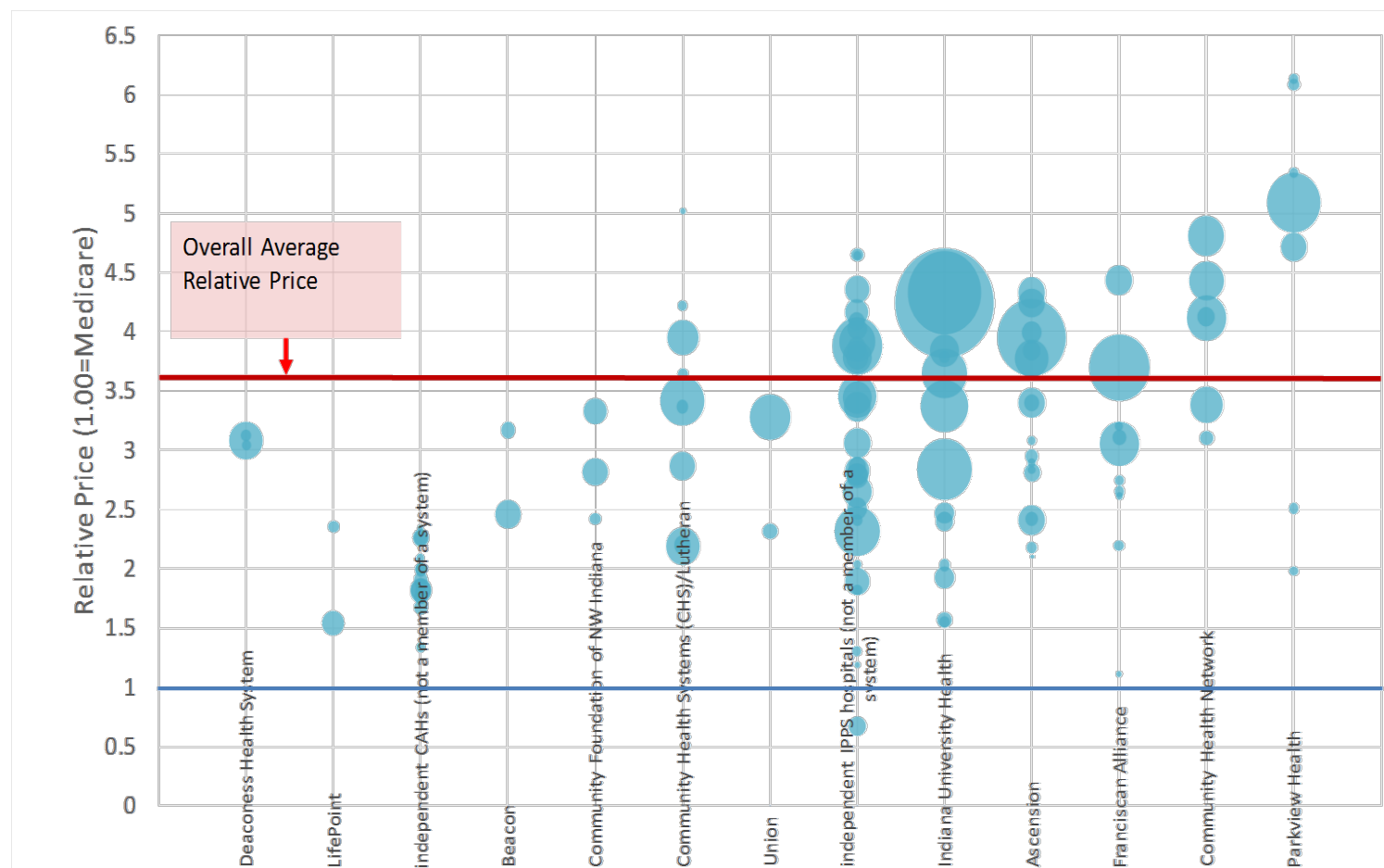


Source: White, 2017, Hospital Prices in Indiana.



RAND STUDY FINDINGS

OUTPATIENT RELATIVE PRICES VARY ACROSS HOSPITALS

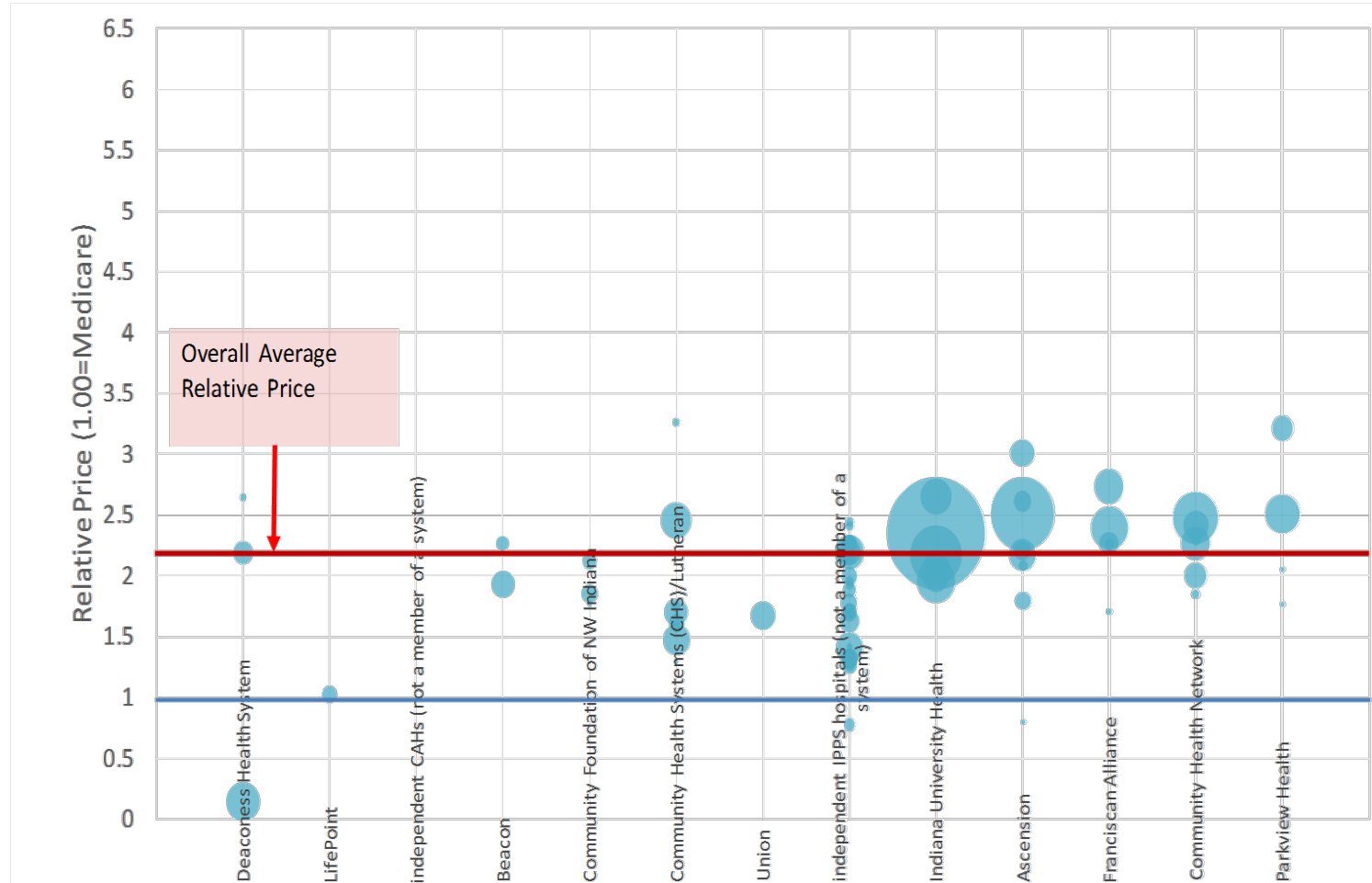


Source: White, 2017, Hospital Prices in Indiana.



RAND STUDY FINDINGS

INPATIENT RELATIVE PRICES VARY ACROSS HOSPITALS

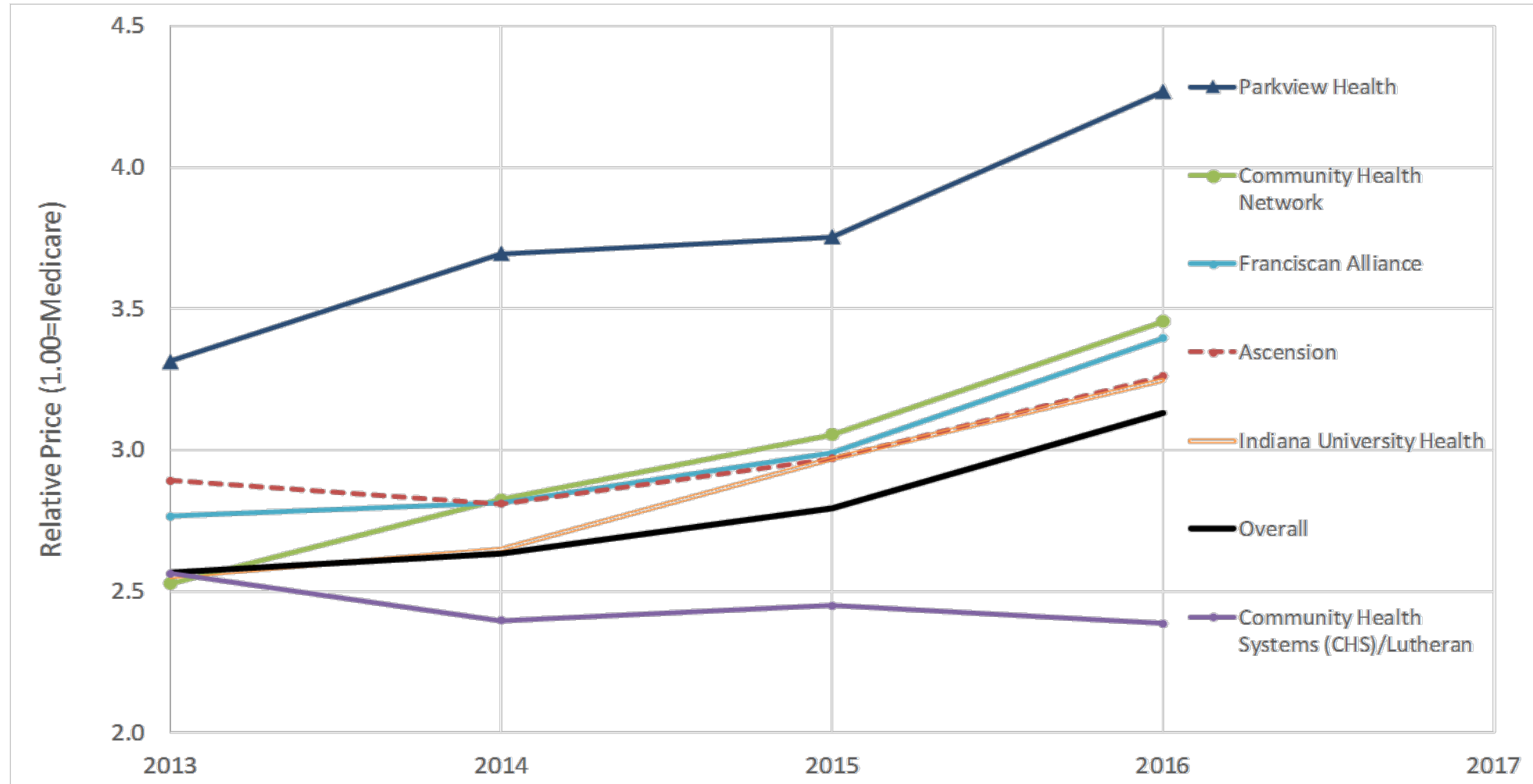


Source: White, 2017, Hospital Prices in Indiana.



FORUM RAND STUDY 1.0 FINDINGS

Relative Prices are **Trending Up** Away From Medicare



Source: White, 2017, Hospital Prices in Indiana.



EXAMPLE OF FORUM SUMMARY HEALTH-SYSTEM TABLES

Health System: CHS/Lutheran Health

Summary From RAND Analysis*

Medicare provider number	Hospital name	Outpt Allowed Amount Relative to Medicare	Inpt Allowed Amount Relative to Medicare	Total Allowed Amount Relative to Medicare	CMS Hospital Compare 5 Star Rating Score
150006	La Porte Hospital	5.02			★★★★•
150017	Lutheran Hospital Of Indiana	3.41	2.45		★★★★•
150035	Porter Regional Hospital	2.19	1.70		★★★★•
150047	St Joseph Hospital	3.64	1.75		★★★★•
150075	Bluffton Regional Medical Center	3.37	1.29		★★★★•
150102	Starke Hospital				★★★★•
150133	Kosciusko Community Hospital	4.22	3.26		★★★★•
150150	Dupont Hospital Llc	3.95	1.48		★★★★•
150168	The Orthopaedic Hospital Of Lutheran Health Networ	2.87	1.61		N/A
151318	Dukes Memorial Hospital	2.20			★★★★•
Health-System Average	CHS/Lutheran Health	3.16	1.95	2.44	
Indiana Benchmark	All Indiana hospitals in RAND study	3.58	2.17	2.72	

Health System: Parkview Health

Summary From RAND Analysis*

Medicare provider number	Hospital name	Outpt Allowed Amount Relative to Medicare	Inpt Allowed Amount Relative to Medicare	Total Allowed Amount Relative to Medicare	CMS Hospital Compare 5 Star Rating Score
150021	Parkview Regional Medical Center	5.09	2.51		★★★★•
150091	Parkview Huntington Hospital	5.34			★★★★•
150101	Parkview Whitley Hospital	6.08	1.77		★★★★•
150146	Parkview Noble Hospital	6.14	2.06		★★★★•
150167	Orthopaedic Hospital At Parkview North	4.71	3.21		N/A
151310	Parkview Wabash Hospital, Inc	1.98			★★★★•
151323	Parkview Lagrange Hospital	2.51			★★★★•
Health-System Average	Parkview Health	4.96	2.69	3.70	
Indiana Benchmark	All Indiana hospitals in RAND study	3.58	2.17	2.72	

* Individual hospital results are not reported if there are fewer than 14 patients

<https://employersforumindiana.org/media/2017/09/Indiana-Health-System-tables-noting-Relative-Prices-per-RAND-report-and-CMS-Hospital-Compare-Star-Rating-9-20-17.pdf>



Post Study Employers' Forum Discussion

Take Control: Move away from discounted-charge contracts

Direct negotiations

Center of Excellence

On-Site Clinics



Benefits: Move patient volume away from high-priced providers

Tiered networks

Reference-based benefits

Narrow networks



Plan Accountability: Set performance targets for relative prices, with incentives for employers if plan overshoots



Provider Payment: Move toward novel provider contracts

Percent of Medicare

ACOs/shared savings



Value: Must consider QUALITY in addition to price!

Task force of 25 members, chaired by NQF Dir Hosp Quality Measures

NEXT STEPS: FORUM-RAND 2.0 STUDY



Employer Control

Forum-RAND 2.0 study will be updated to include July 2016 - Dec 2017 data & Will keep pressure on the hospitals



Robust Benchmarking

Include more Indiana employers & **invite employers across country to participate**



Study Analyses

Expand analyses conducted per stakeholder input



Study Funding

Combination of foundation and self-funded employers



EMPLOYERS' FORUM OF INDIANA



Thank You!