

EMPLOYERS' FORUM OF INDIANA



WELCOME

PLEASE FEEL FREE TO GET LUNCH BEFORE THE MEETING STARTS

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“RAND 2.0” Brief Overview of Study Findings

Gloria Sachdev

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May 10, 2019

Thank You to All Who Participated in Making the National Hospital Price Transparency Conference on March 5th a HUGE Success! Special Thanks to Our Local Presenters:

- Christan Royer, Indianapolis University
- Dave Kelleher, Healthcare Options Inc.
- Dave Lippincott, Suburban Health Organization
- David Lee, Anthem
- Gary Everling, Hendricks Regional Health
- Nicole Williams, Cummins Inc.
- Renee Gerber, Ortho Indy
- Rick Mousty, Unified Group Services
- Rob Hillman, Anthem



Gloria Sachdev – Forum JW Marriott Indianapolis, March 5, 2019



Conference Presentations and Video of Morning session
<https://employersforumindiana.org/conference/presentations/>



Christan Royer - Indiana University



Nicole Williams - Cummins Inc.





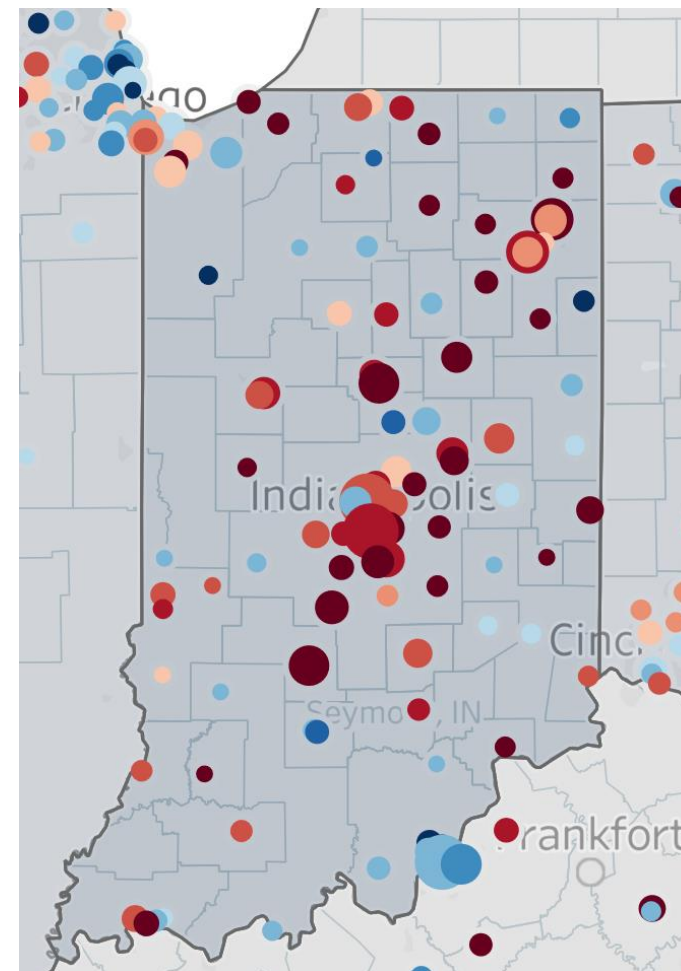
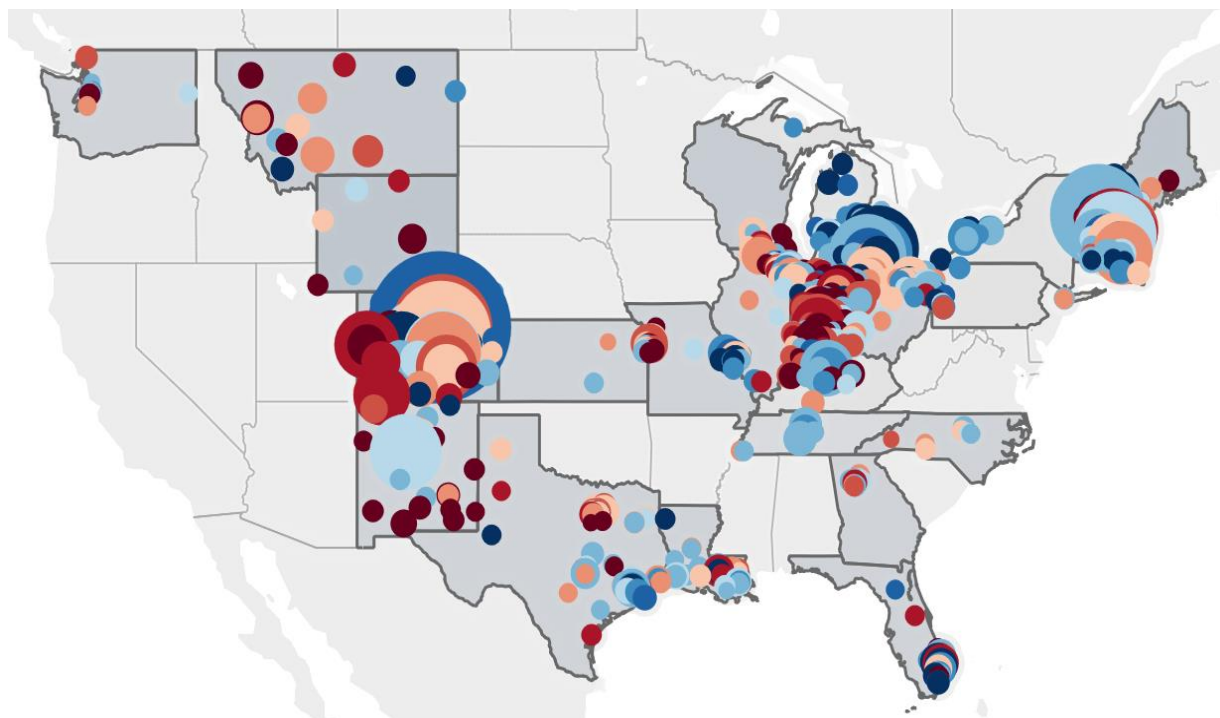
NOW AVAILABLE: FINAL RAND 2.0 Study!

- Official Study Title: Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely --Findings from an Employer-Led Transparency Initiative
- To see the final RAND 2.0 National Hospital Price Transparency Report, Database, and Interactive Map Tool, go to:

[HTTPS://EMPLOYERPTP.ORG/](https://EMPLOYERPTP.ORG/)

INTERACTIVE MAP OF US HOSPITAL PRICES

employerptp.org



Our Study is the News, May 9, 2019

- <https://www.nytimes.com/2019/05/09/health/hospitals-prices-medicare.html>
- <https://www.modernhealthcare.com/payment/employer-health-plans-pay-hospitals-241-medicare>
- <https://www.forbes.com/sites/brucejapsen/2019/05/09/study-employers-paid-240-more-for-hospital-care-than-medicare/#310165da1bcf>
- <https://www.healthleadersmedia.com/finance/private-insurers-paid-hospitals-241-what-medicare-would-have>
- <https://www.beckershospitalreview.com/payer-issues/hospitals-get-241-more-from-private-payers-than-medicare-rand-says.html>
- <https://www.ajmc.com/focus-of-the-week/private-plans-pay-hospital-prices-241-higher-than-medicare-rand-finds>



More News, May 9, 2019....

- https://www.wsj.com/articles/what-employers-pay-hospitals-varies-widely-study-finds-11557438128?shareToken=st5ba8dee4d7eb40f2bf95359687a0f37e&reflink=share_mobile_webshare
- <https://khn.org/news/market-muscle-study-uncovers-differences-between-medicare-and-private-insurers/>
- <https://www.ibj.com/articles/73727-study-indiana-hospitals-charge-private-health-plans-311>
- <https://www.philly.com/health/consumer/hospital-bills-employer-health-plans-medicare-20190509.html>

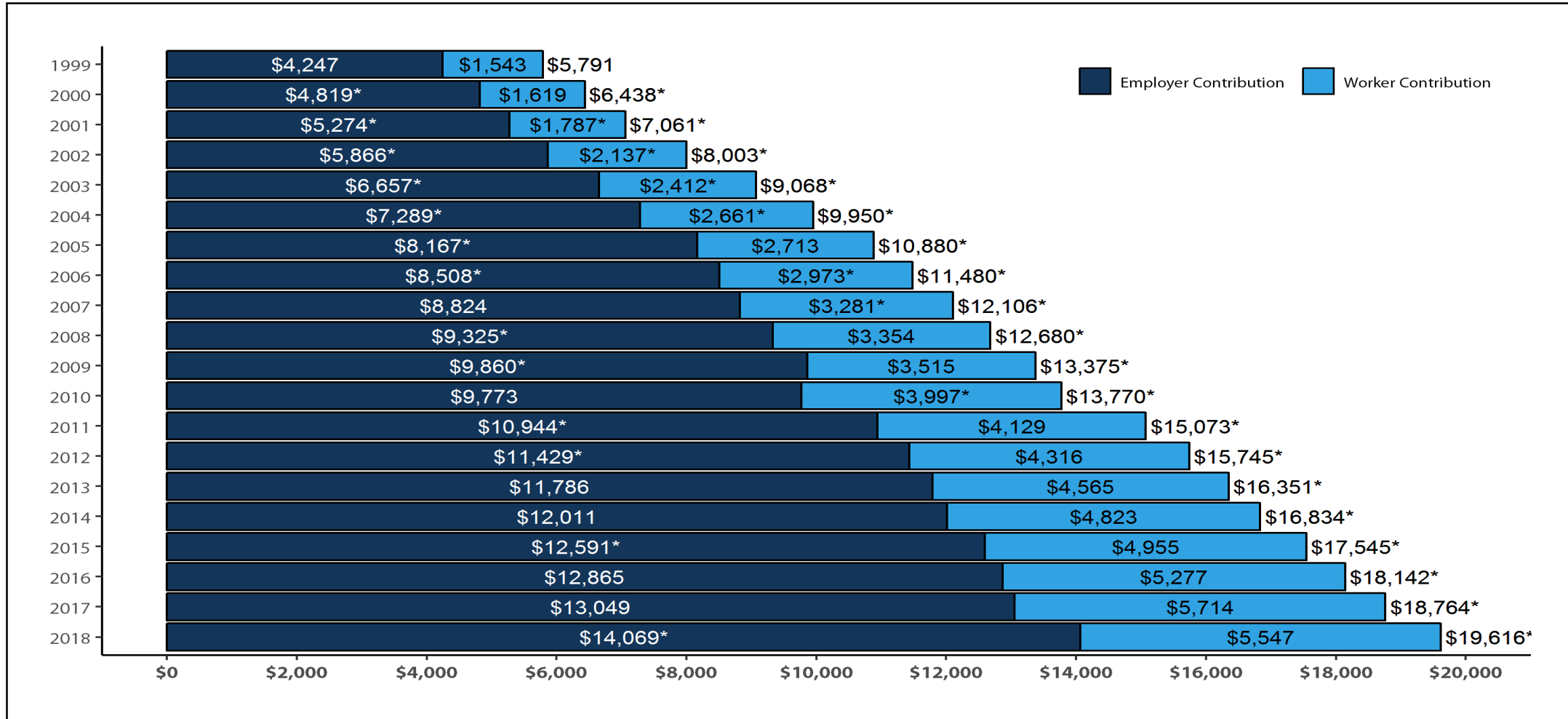


and More News, APRIL 2019....

- <https://www.beckershospitalreview.com/strategy/anywhere-but-indiana-why-employers-are-avoiding-hospitals-in-the-hoosier-state.html>
- <https://www.catalyze.org/gloria-sachdev-hospital-price-transparency-study/>
- <http://indianapolisstar.in.newsmemory.com/?publink=1239c413f>
- https://www.indystar.com/story/news/2019/04/29/health-care-costs-indiana-exceed-what-nearby-states-pay-study-says/3513795002/?utm_source=dlvr.it&utm_medium=twitter
- <https://www.ibj.com/articles/73470-gloria-sachdev-hoosier-hospitals-owe-us-greater-price-transparency>
- <https://www.benefitnews.com/opinion/how-employers-can-find-healthcare-dollar-value>



The Problem: Employer premiums have risen, and so have employee contributions.



*Estimate is statistically different from estimates for the previous year shown ($p < .05$).

SOURCE: KFF Employer Health Benefits Survey, 2018; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

RAND 2.0 National Hospital Price Study of 25 states

Conducted by RAND, commissioned by Employers' Forum of Indiana

Services	Hospital inpatient, hospital outpatient
States	CO, FL, GA, IL, IN, KS, KY, LA, MA, ME, MI, MO, MT, NH, NC, NM, NY, OH, PA, TN, TX, VT, WA, WI, WY
Years	2015-2017
Hospitals	1598 short-stay general medical/surgical
Allowed amount (2015-7)	\$12.9 billion in payments (\$6.3 billion inpatient, \$6.6 billion outpatient)
Claims (2015-7)	330,000 claims inpatient, 14.2 million outpatient line items
Data sources	2 all payer claims databases, many health plans, ~45 self-funded employers
Funders	RWJF, NIHCR, THFI, self-funded employers (not health plans or hospitals)

Figure 4.1. All-State Trends in Relative Prices

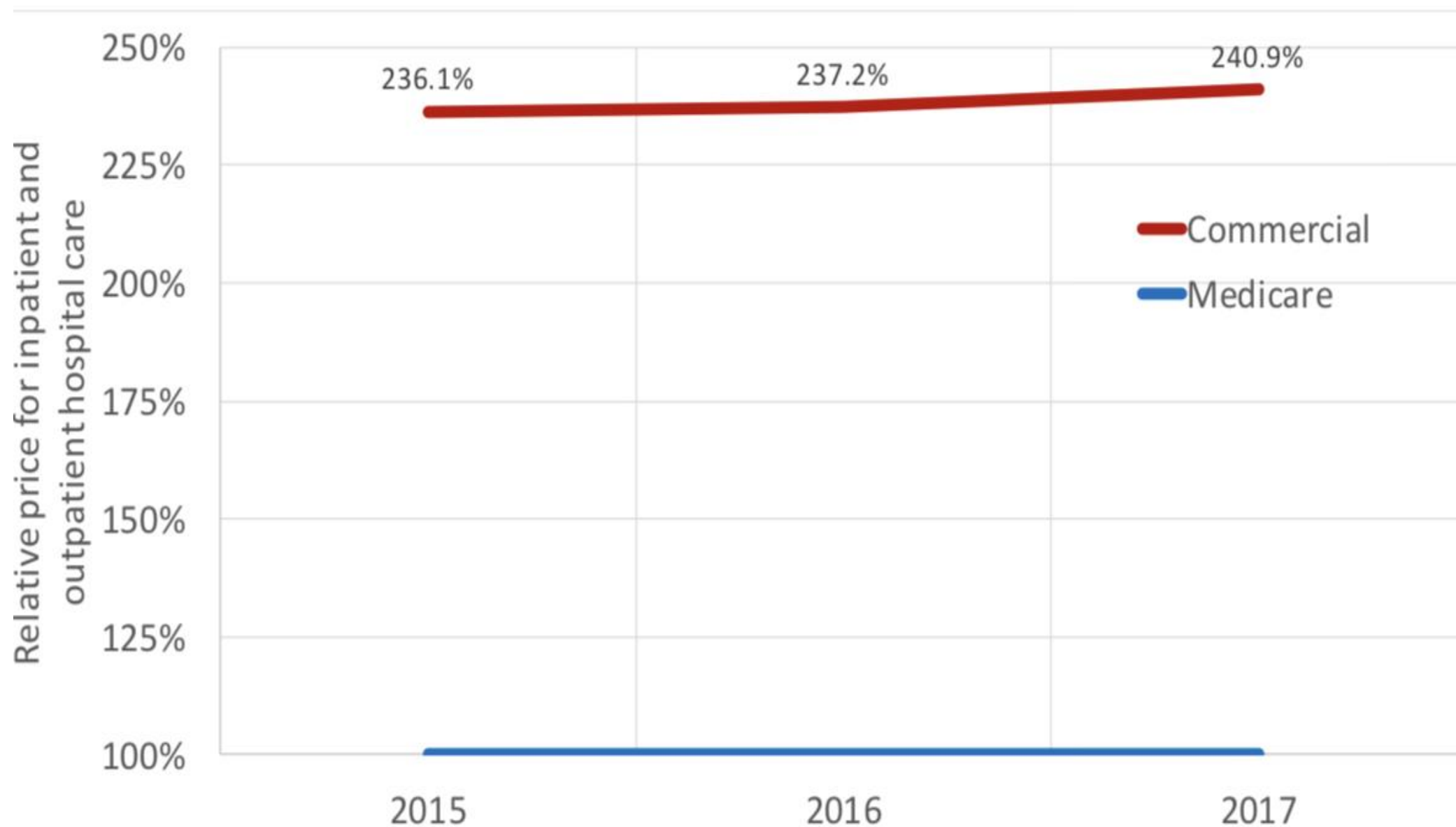


Figure 4.3. Trends in Relative Prices for Selected States, 2015–2017

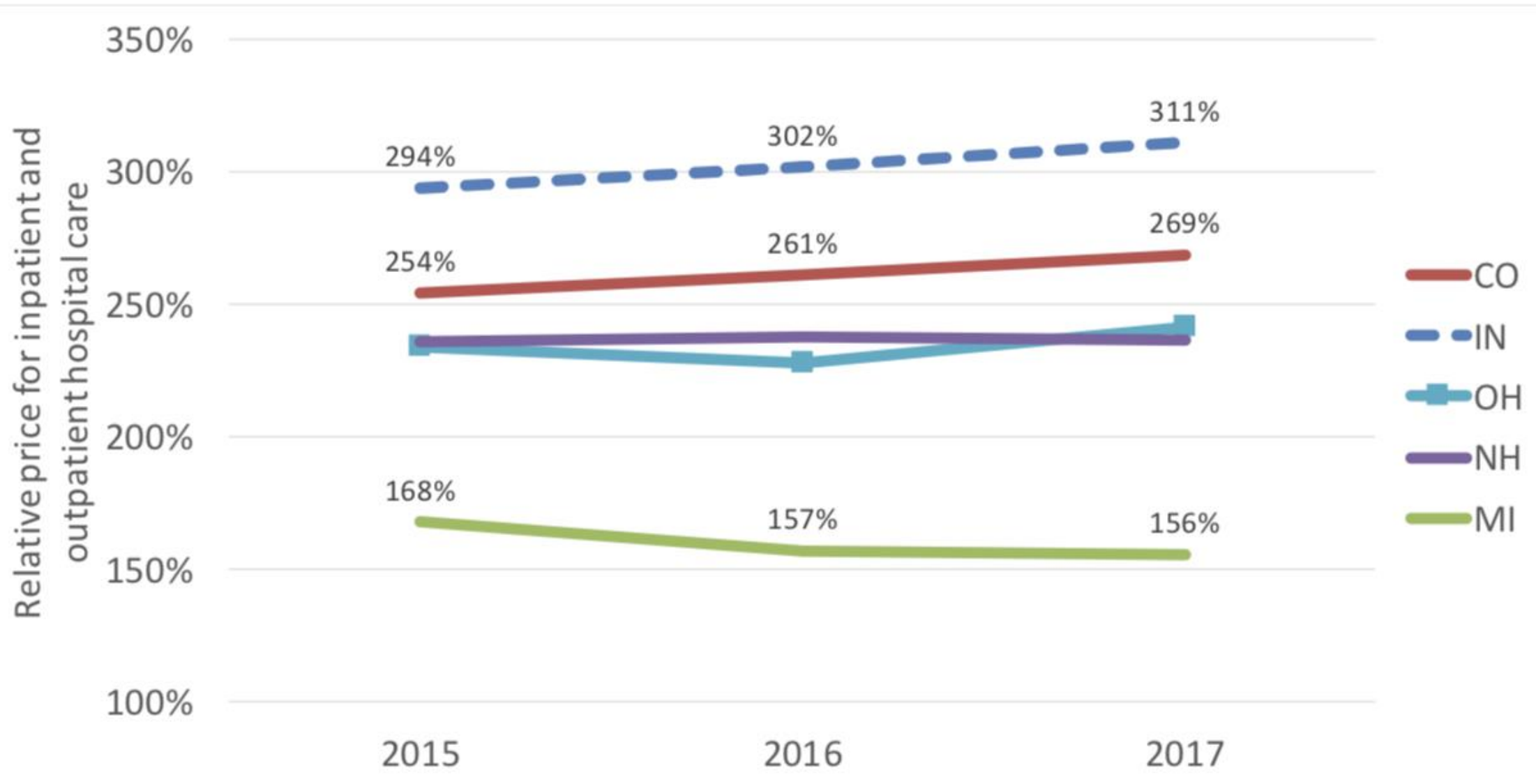
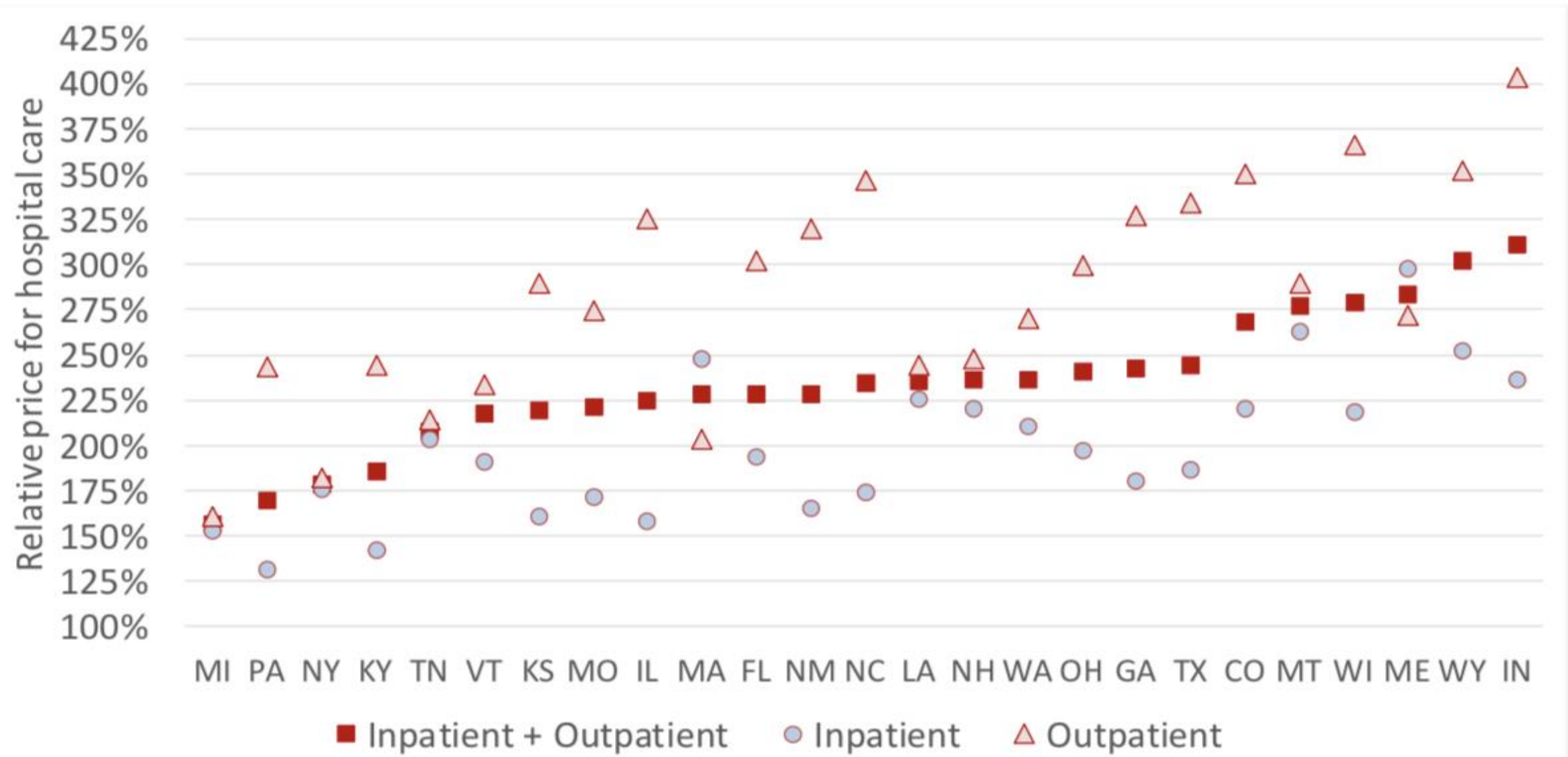
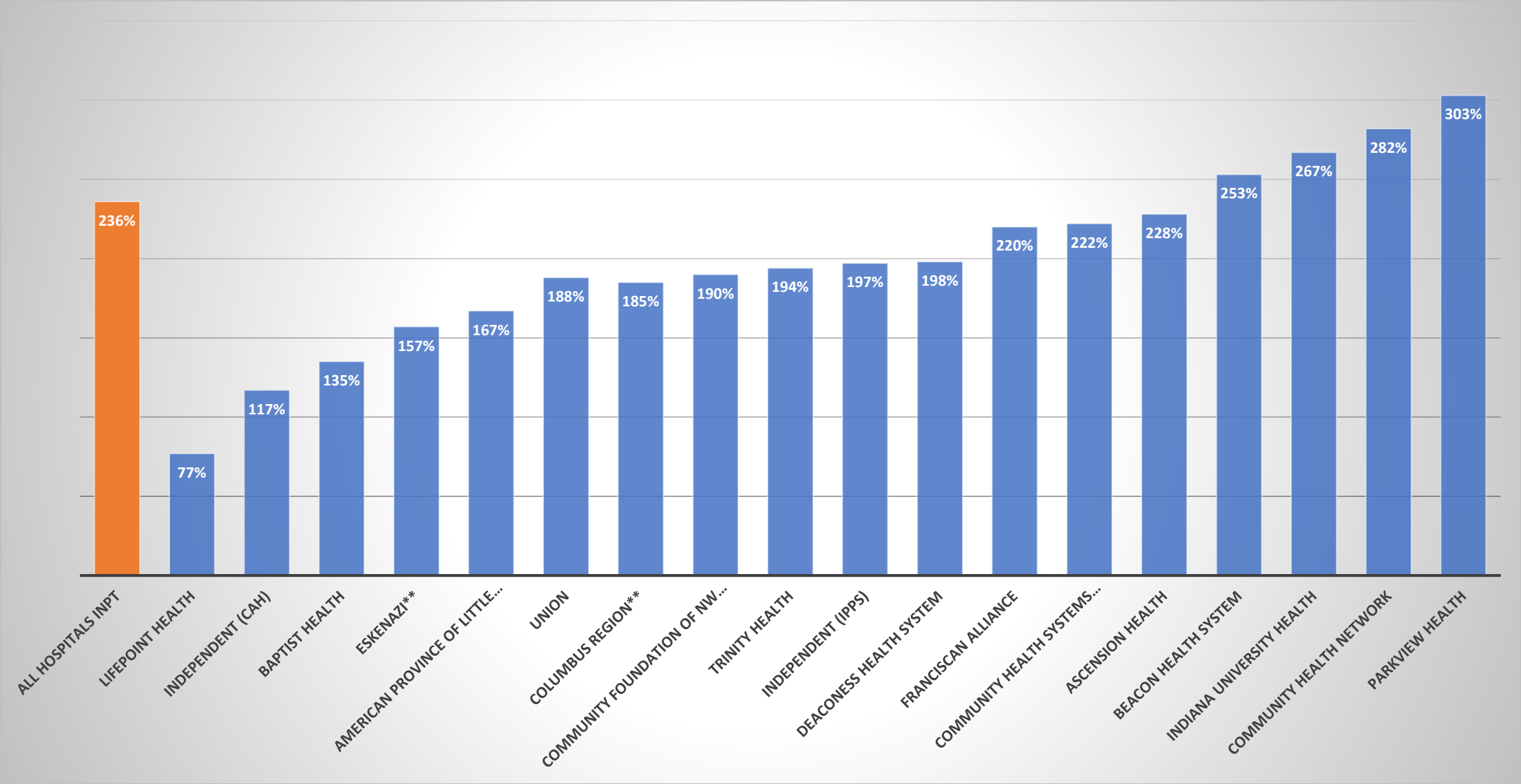


Figure 4.2. Relative Prices, by State, 2017

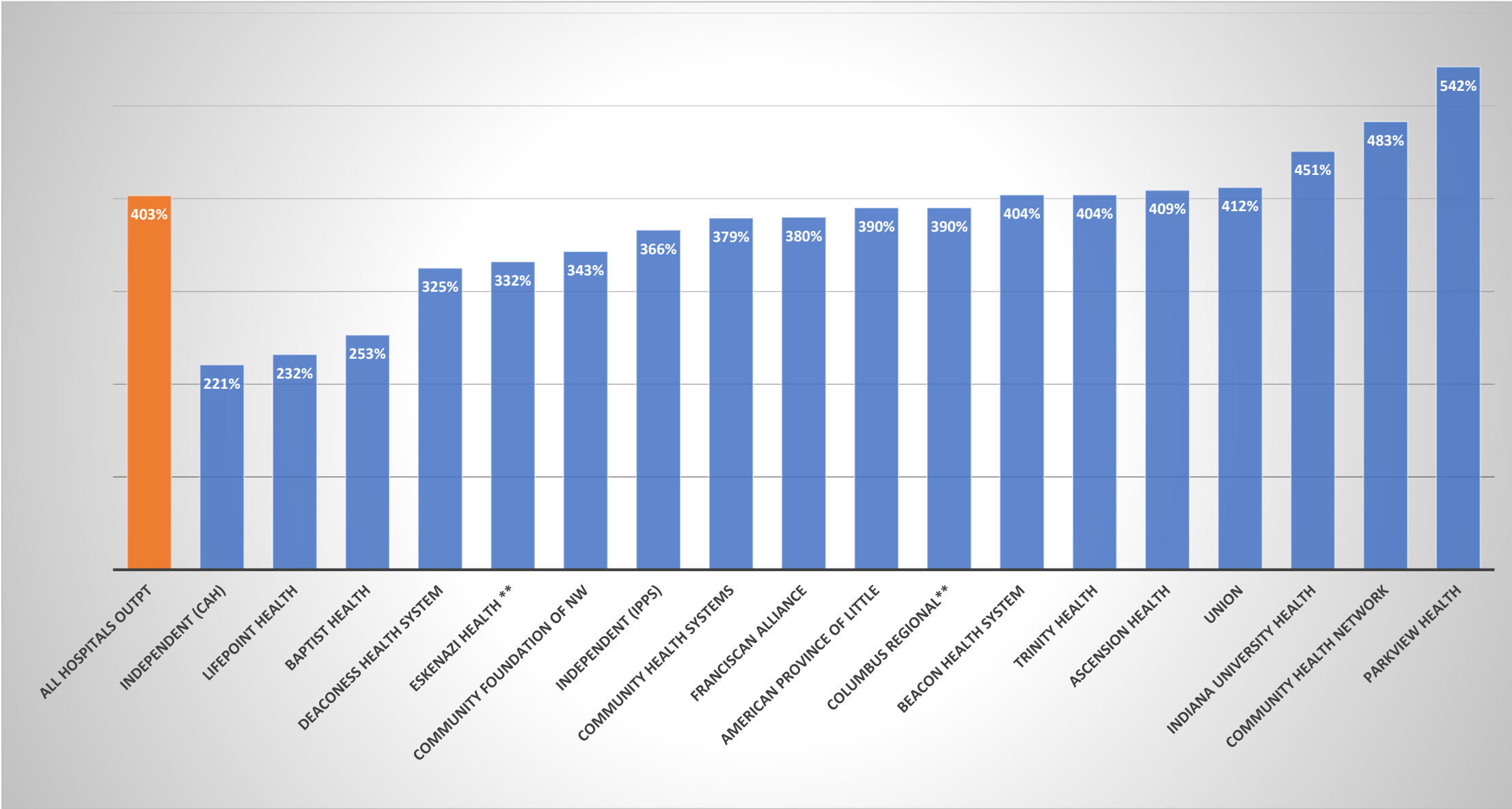


Indiana: INPATIENT Prices Relative to Medicare 2017



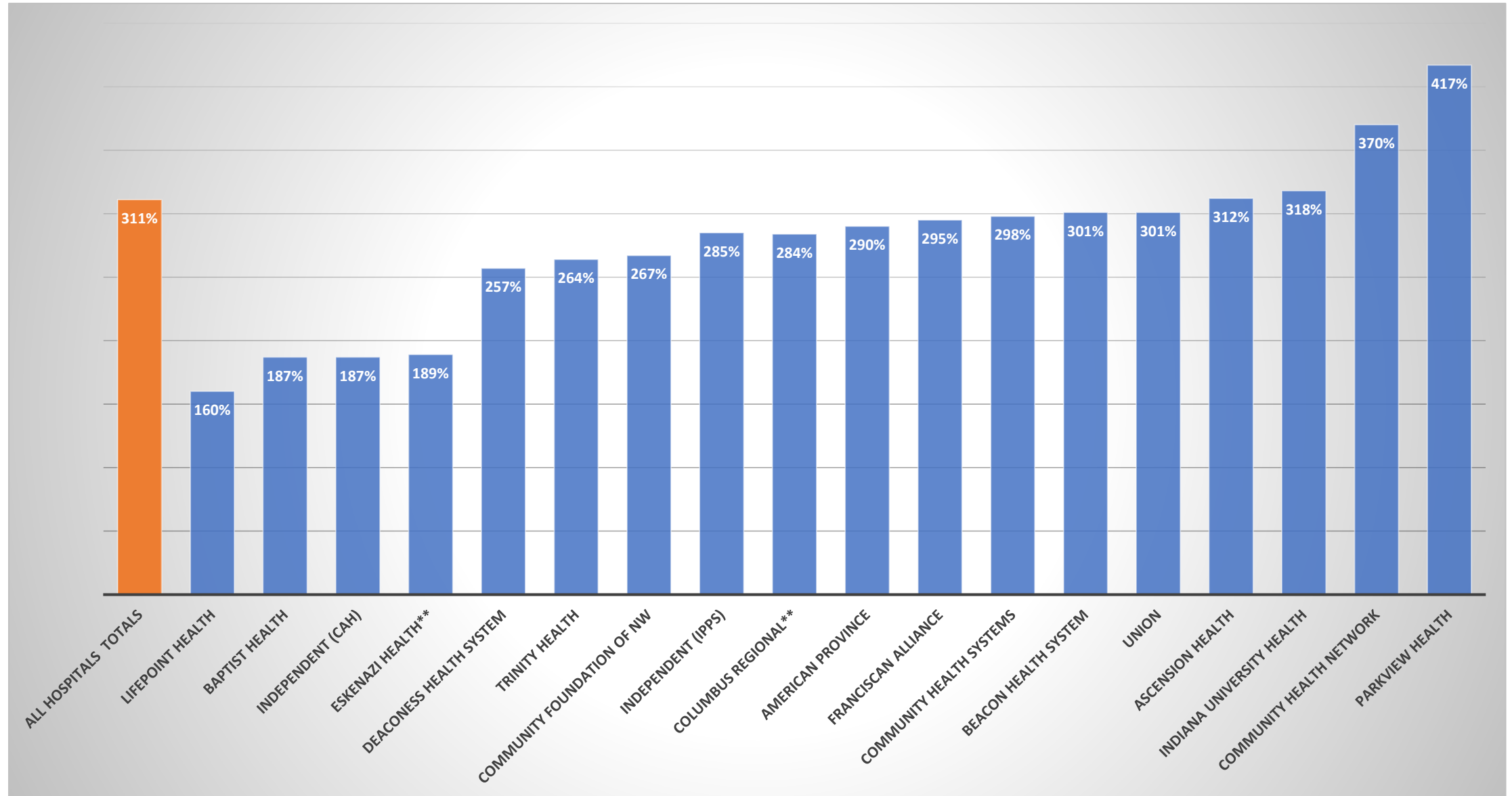
** RAND 2.0 Study period (2015-2017) averages as study does not provide 2017 relative prices for these two hospitals only

Indiana: OUTPATIENT Prices Relative to Medicare 2017



** RAND 2.0 Study period (2015-2017) averages as study does not provide 2017 relative prices for these two hospitals only

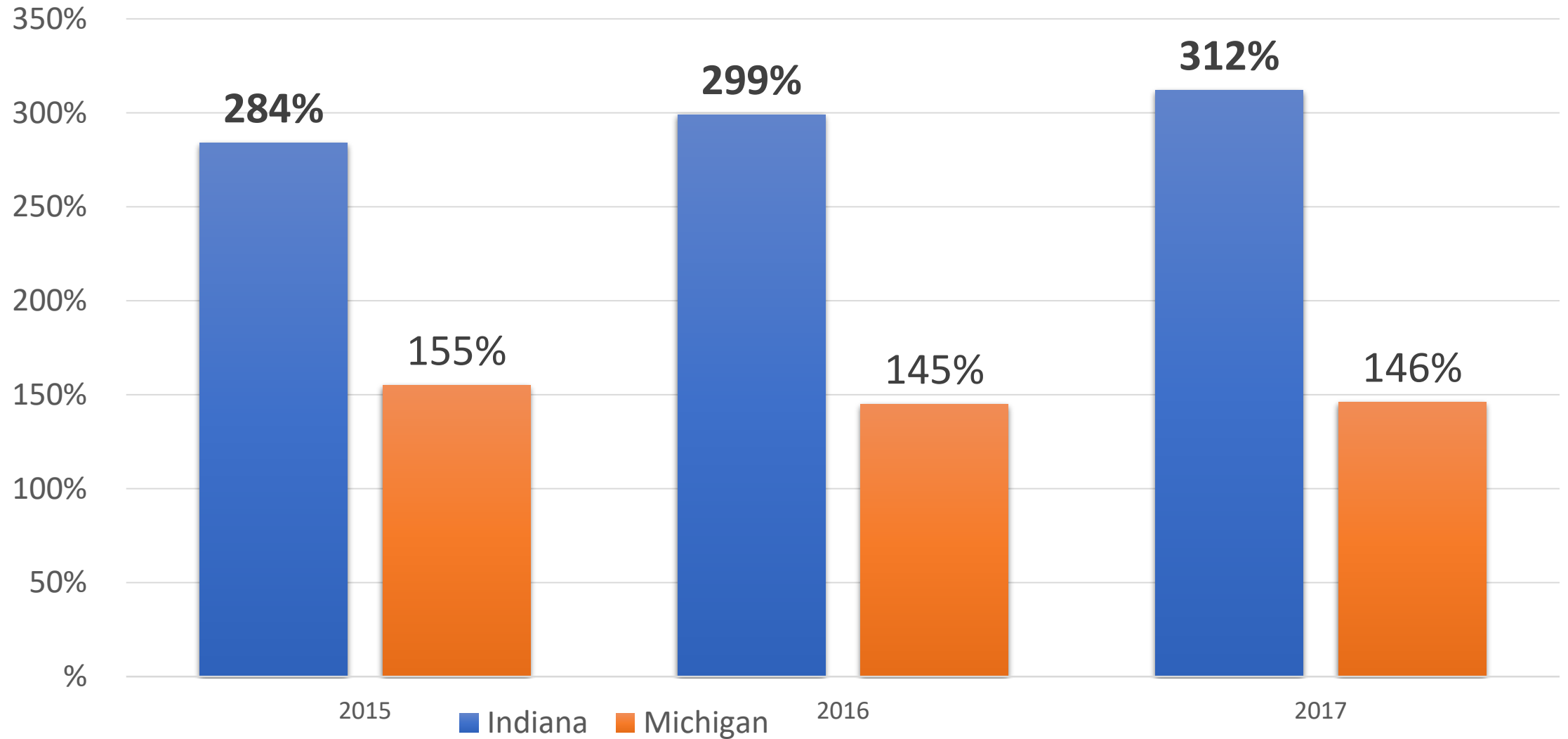
Indiana: TOTAL Prices Relative to Medicare 2017



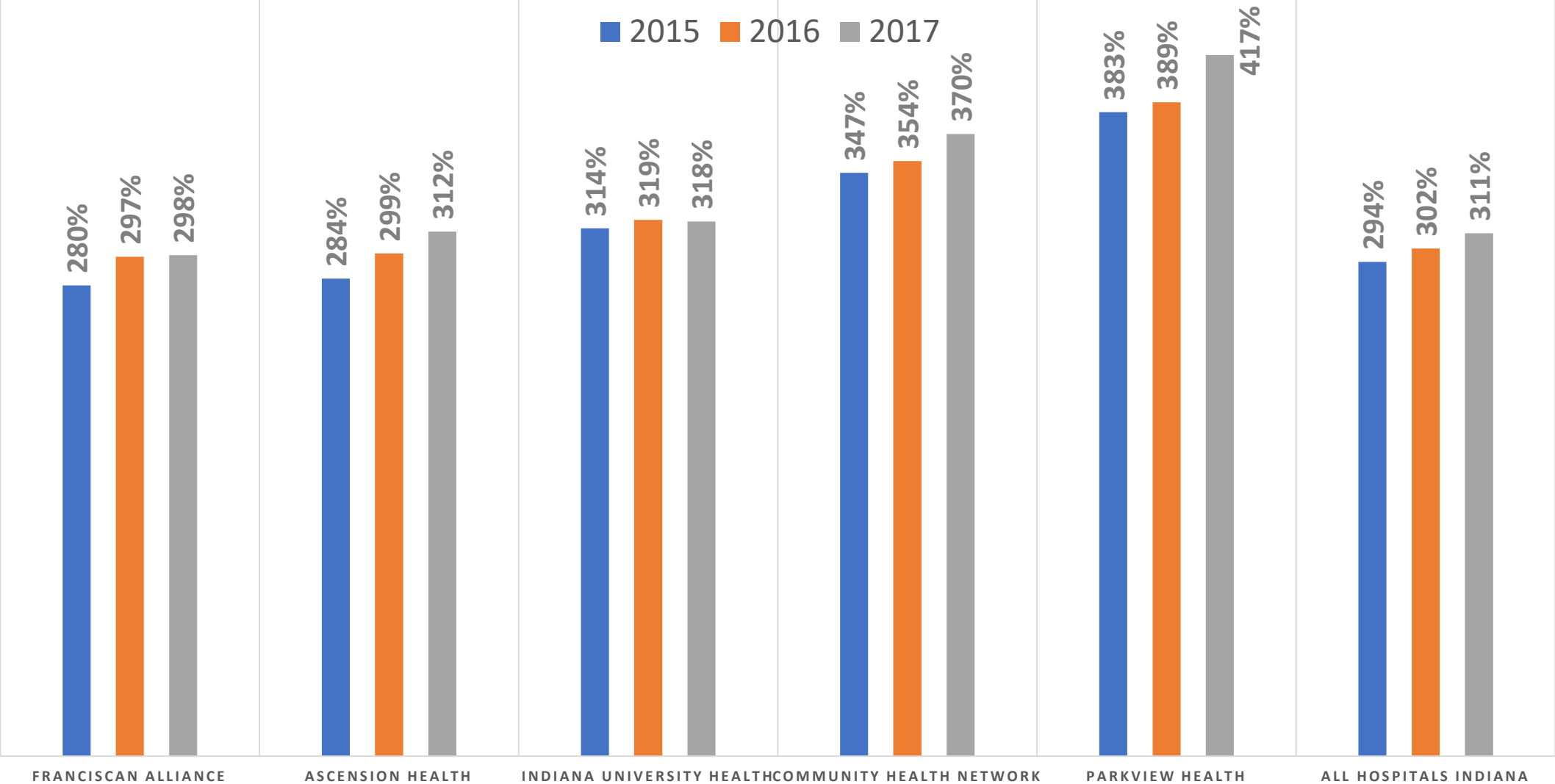
** RAND 2.0 Study period (2015-2017) averages as study does not provide 2017 relative prices for these two hospitals only

Single Health-System: Indiana vs. Michigan

TOTAL Relative Inpatient plus Outpatient Prices



INDIANA HEALTH SYSTEMS TOTAL COMMERCIAL VS MEDICARE ALLOWABLE



VALUE FOR EMPLOYERS

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

where Cost = Price x Quantity

Example - Bolts

Bolt Quality: steal or plastic, strength, etc.

Total Cost: \$1 x 5 bolts = \$5

Total Cost: \$5 x 1 bolt = \$5



VALUE FOR EMPLOYERS

$$\text{Value} = \frac{\text{Quality}}{\text{PRICE} \times \text{Quantity}}$$



FOR EMPLOYERS, LET'S BE CLEAR....

Value \neq Quality + Price + Quantity



Figure 4.7. Share of Hospitals Receiving One Through Five Stars from CMS, by Price Group

