

# Using RAND 2.0 Hospital Price Report to Achieve High Value

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EMPLOYERS' FORUM OF INDIANA



Employers Forum All-Stakeholder Meeting  
July 31, 2019  
Indianapolis, IN

# Answer the Questions: Are Hospital Prices High in Indiana and if so, How High are They, the Forum commissioned Price Transparency Analyses

**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 shows 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



# How Does Indiana Compare to Other States: **RAND 2.0 Study** was Published on May 9, 2019

We have created a webpage [www.employerPTP.org](http://www.employerPTP.org)

Includes:

- RAND 1.0 Indiana study from 2017

- RAND 2.0 National Hospital Price Transparency Report from 2019

  - RAND 2.0 Supplement Database

  - RAND 2.0 Interactive Map Tool

- News articles

- Sign up for RAND 3.0

- FAQ for RAND 3.0 and more....



# RAND 2.0 National Hospital Price Study of 25 states

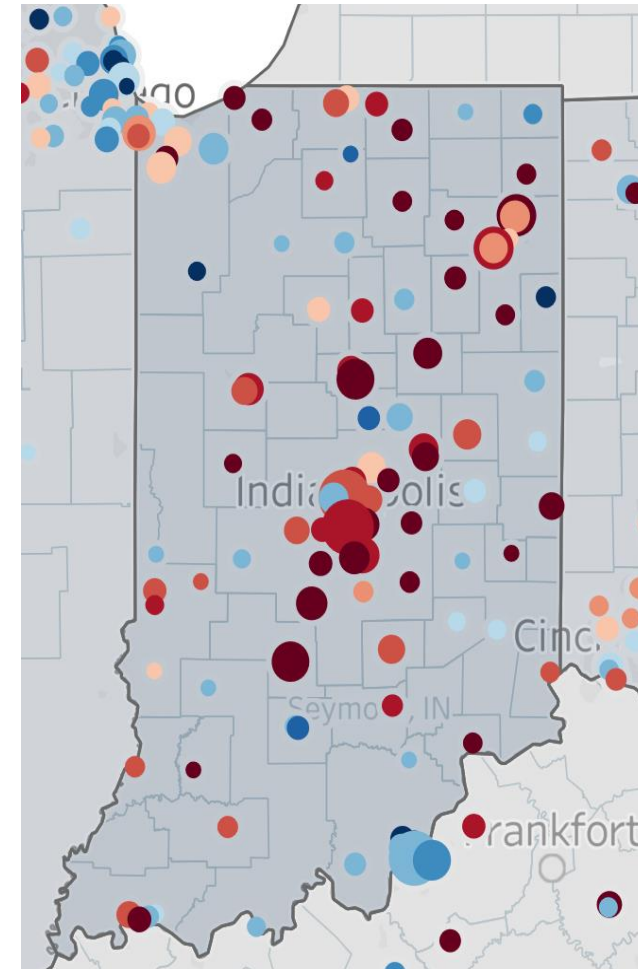
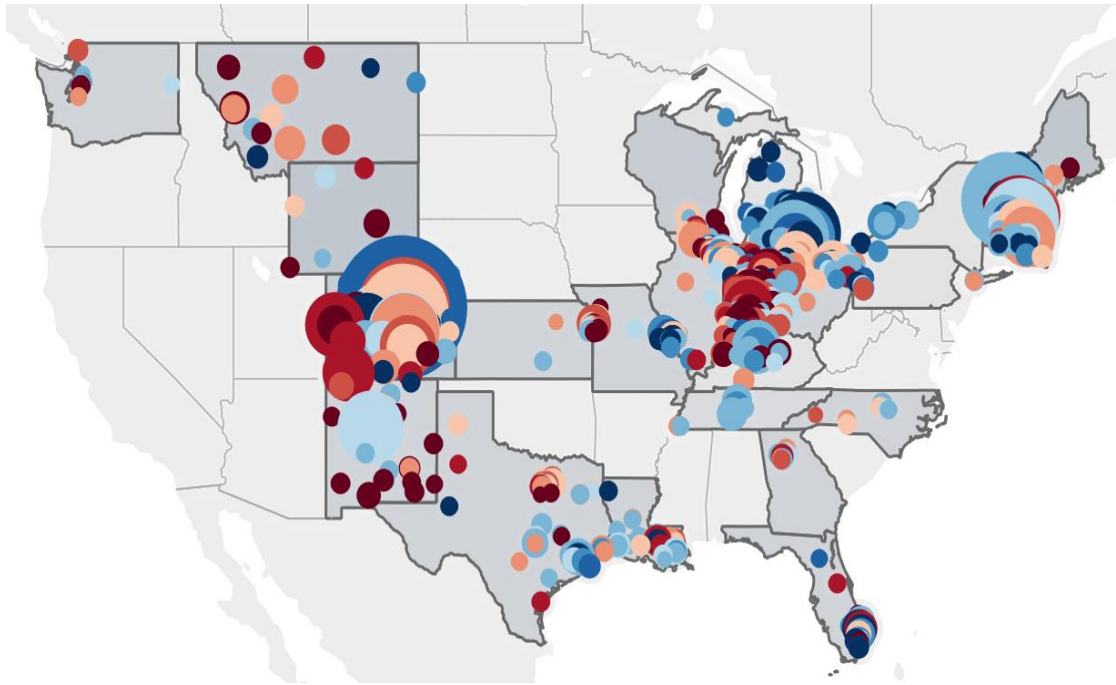
Conducted by RAND, commissioned by Employers' Forum of Indiana

<b>Services</b>	<b>Hospital inpatient, hospital outpatient</b>
<b>States</b>	<b>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</b>
<b>Years</b>	<b>2015-2017</b>
<b>Hospitals</b>	<b>1598 short-stay general medical/surgical</b>
<b>Allowed amount (2015-7)</b>	<b>\$12.9 billion in payments (\$6.3 billion inpatient, \$6.6 billion outpatient)</b>
<b>Claims (2015-7)</b>	<b>330,000 claims inpatient, 14.2 million outpatient line items</b>
<b>Data sources</b>	<b>2 all payer claims databases, many health plans, ~45 self-funded employers</b>
<b>Funders</b>	<b>RWJF, NIHCR, THFI, self-funded employers (not health plans or hospitals)</b>

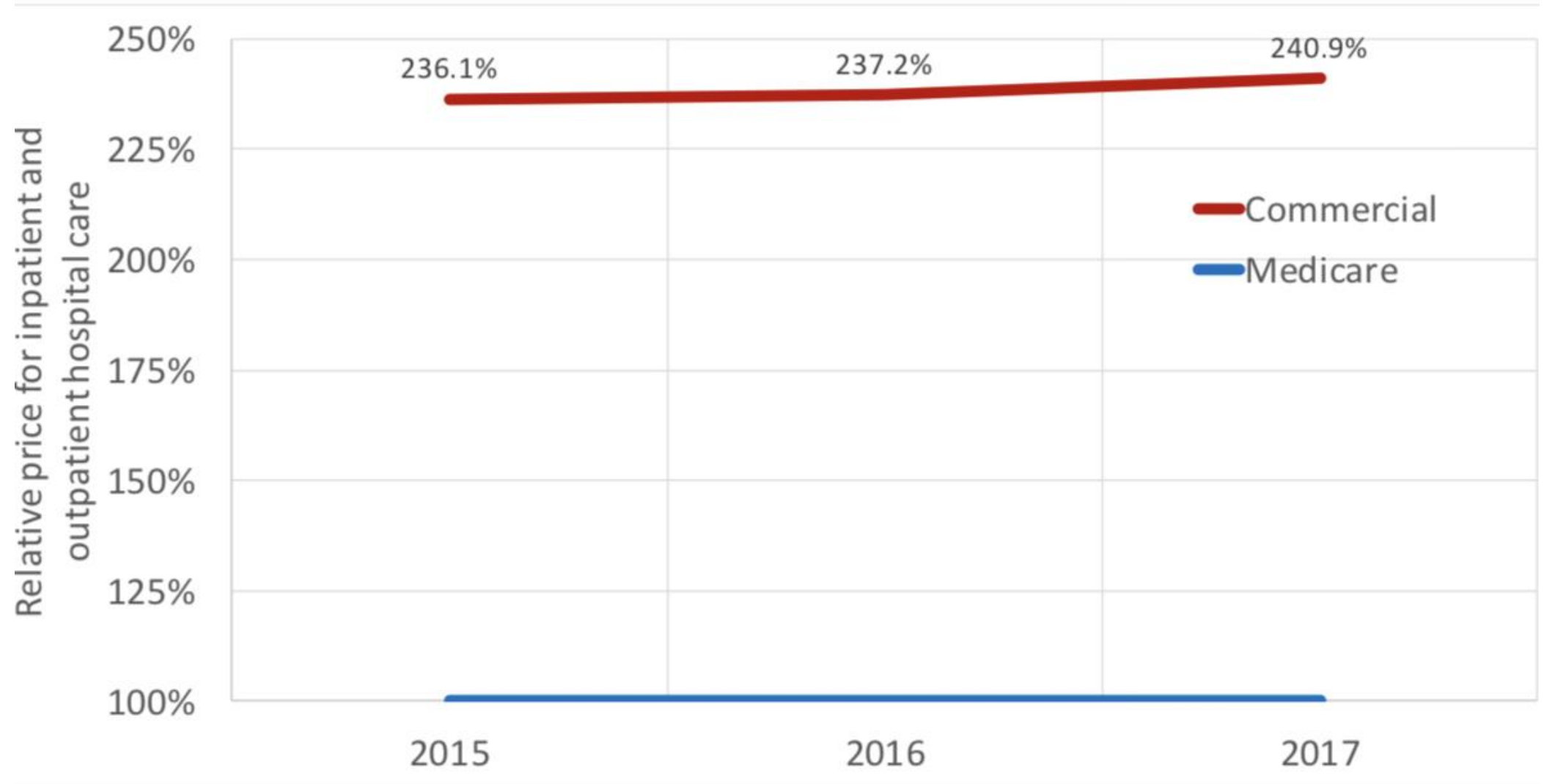


# INTERACTIVE MAP OF US HOSPITAL PRICES

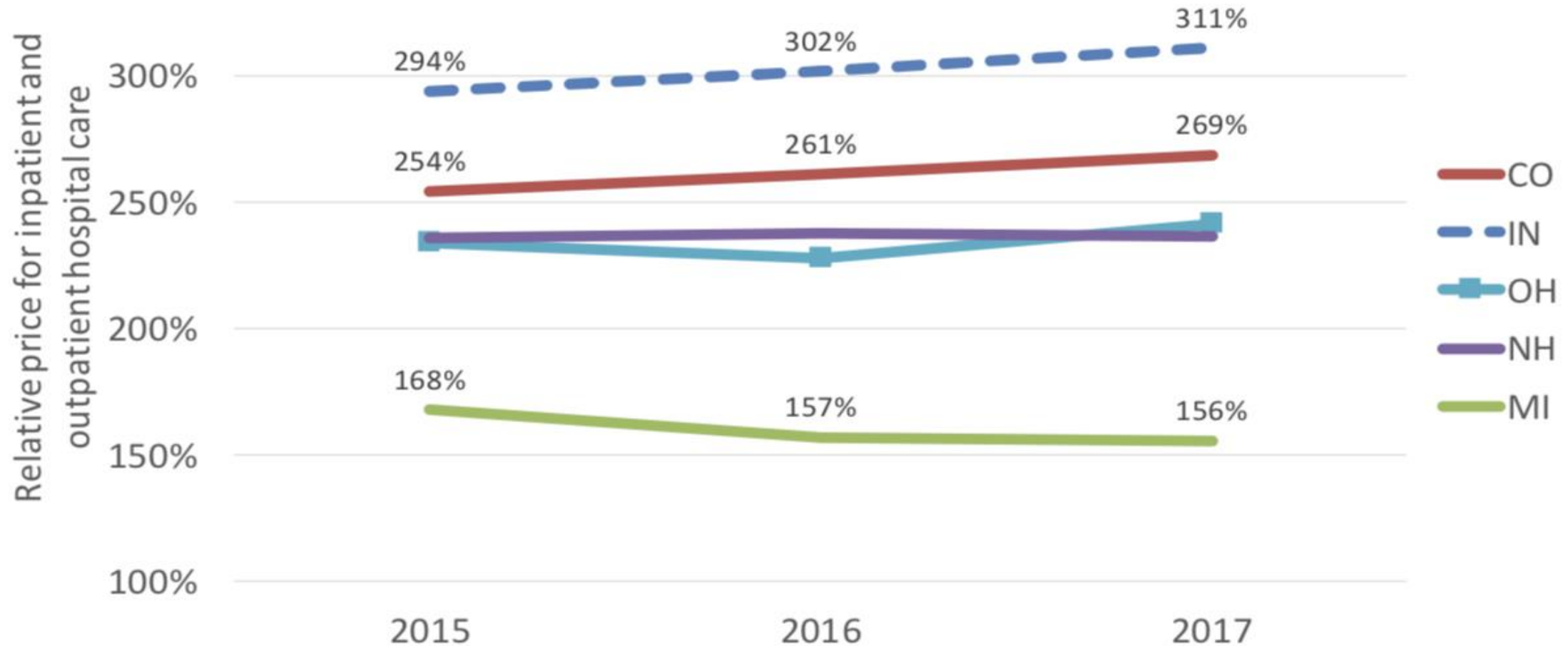
[employerptp.org](http://employerptp.org)



# Across 25 States: Employer Health Plans Pay Hospitals 241% of What Medicare Would Pay and Overall Trend is Increasing

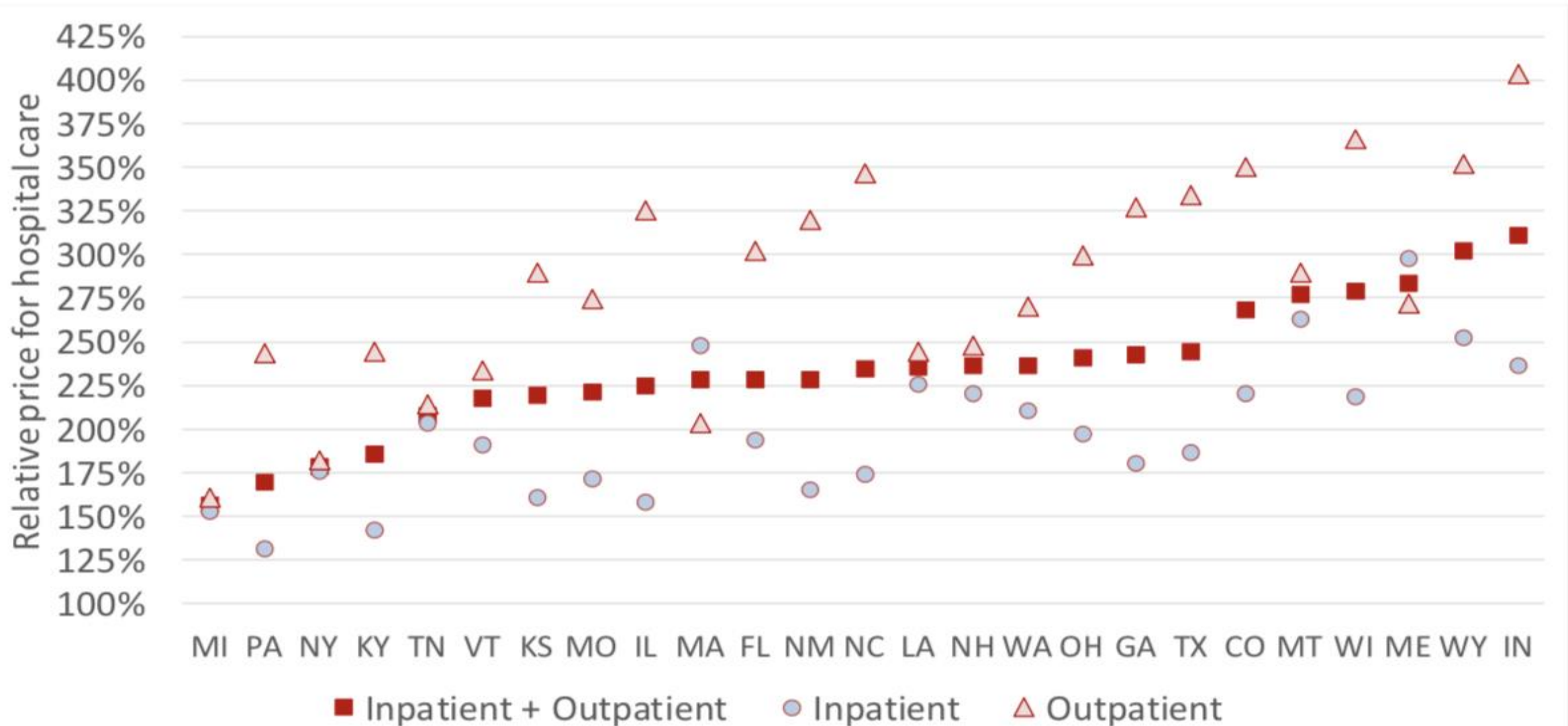


# Commercial Relative Price TREND Varies at the State Level: Comparison of 5 States



# Across 25 States: Average Relative Hospital Prices, 2017

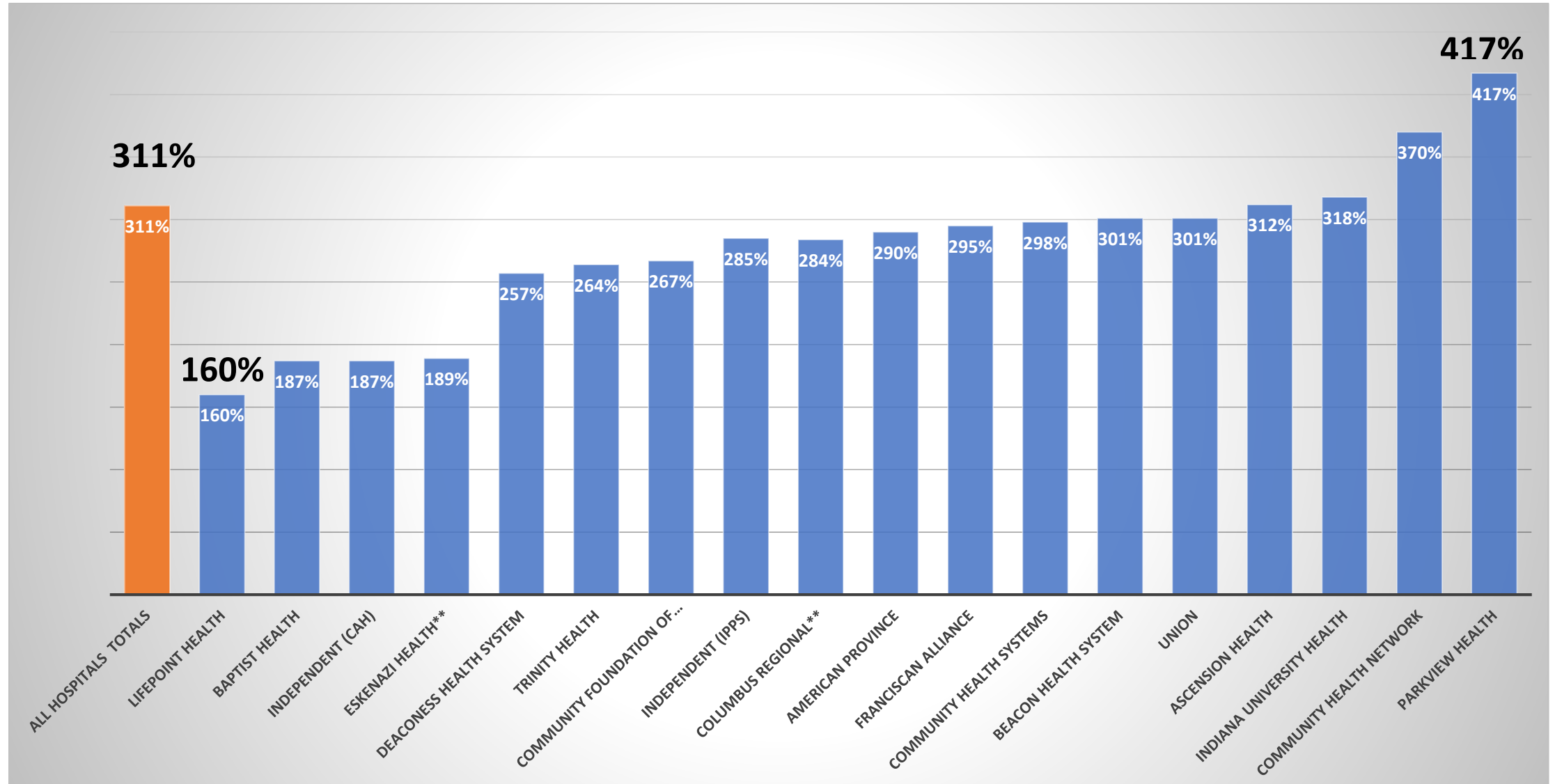
Percent Employer Health Plans Pay Hospitals Relative to What Medicare Would Pay



Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative



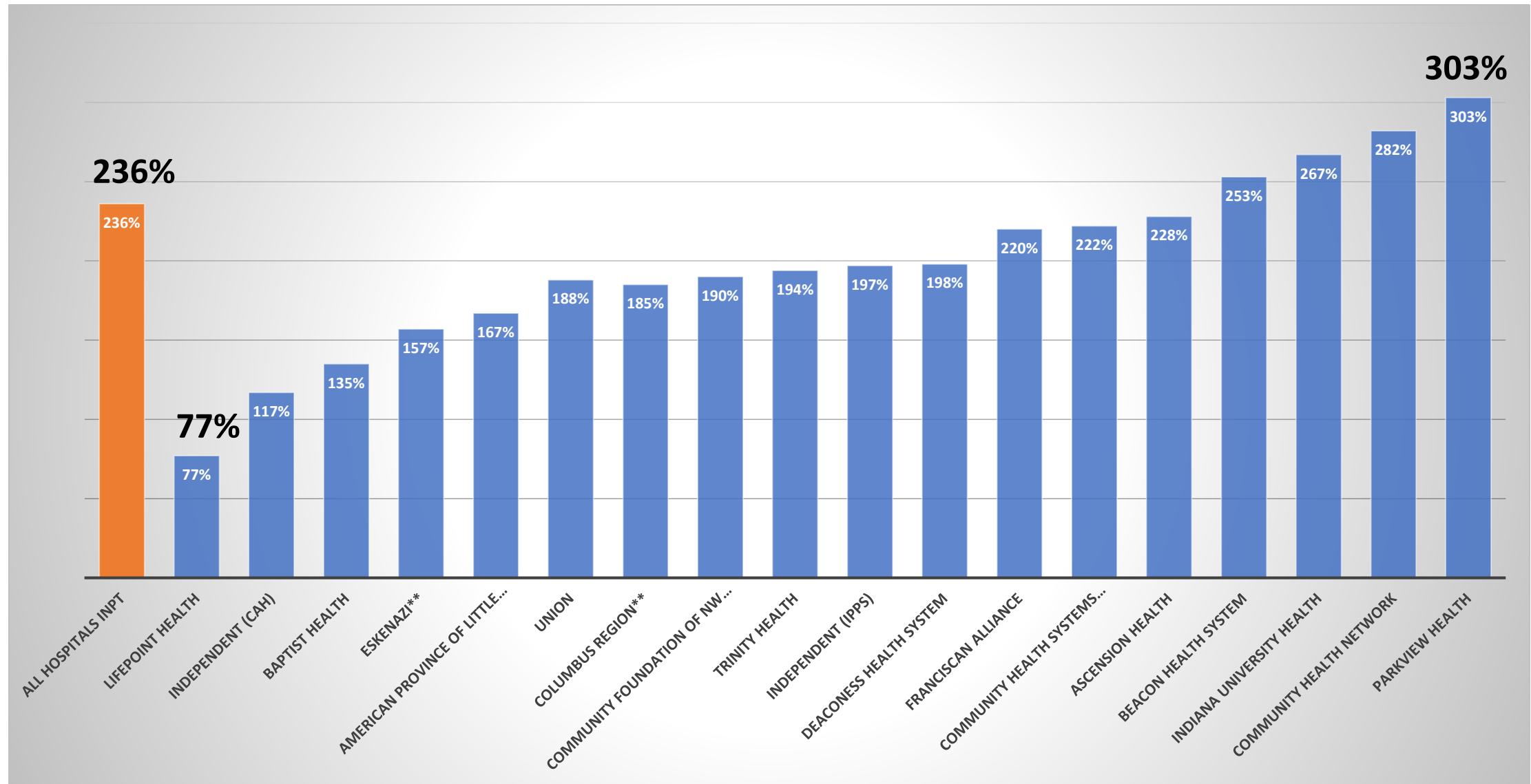
# Indiana: TOTAL Hospital Commercial Prices Relative to Medicare, 2017 (inpatient plus outpatient)



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

Source: Derived from Supplement, White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative

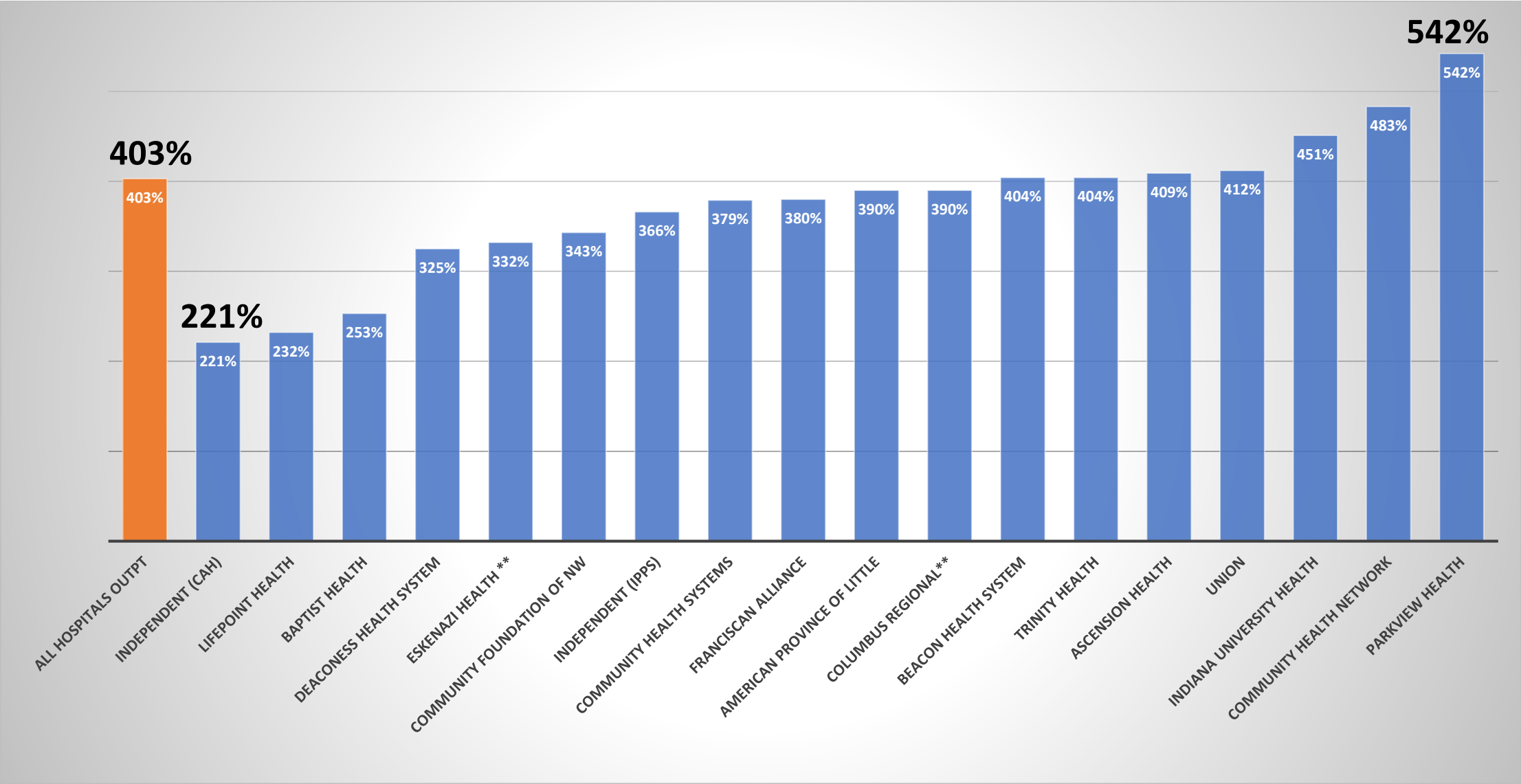
# Indiana: INPATIENT Commercial Prices Relative to Medicare, 2017



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

Source: Derived from Supplement, White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative

# Indiana: OUTPATIENT Commercial Prices Relative to Medicare, 2017

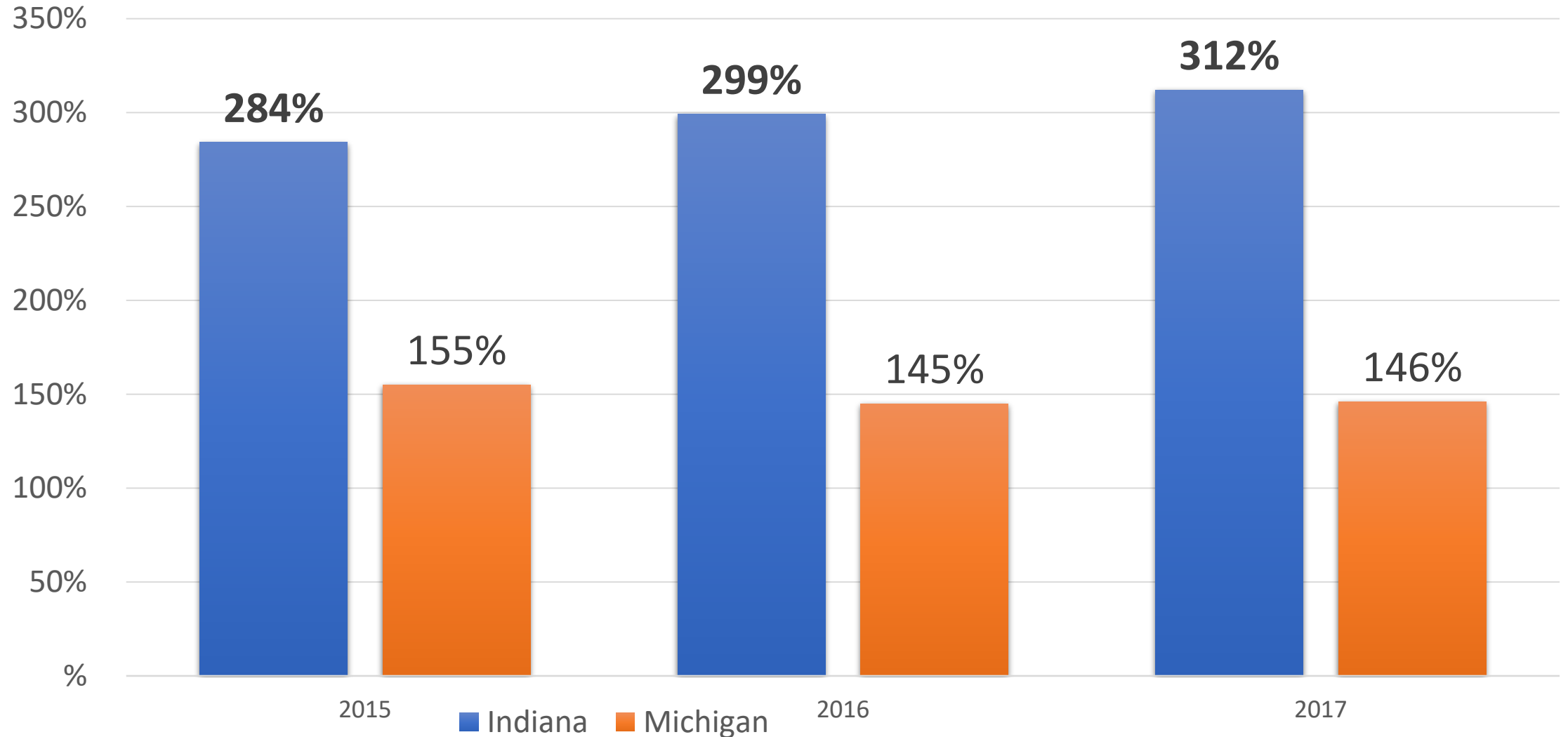


\*\* RAND 2.0 Study period (2015-2017) averages as study does not provide 2017 relative prices for these two hospitals only

Source: Derived from Supplement, White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative

# Single Health-System: Indiana vs. Michigan

## TOTAL Relative Inpatient plus Outpatient Prices 2017



# RAND 3.0 Study Timeline

Month, Year	Milestone
March, 2019	Recruitment of self-funded employers, APCDs, and health plans
July-August, 2019	Agreements in place between RAND and employers, DUAs in place between RAND and health plans/APCDs, and authorizations sent by self-funded employers to their TPAs
September-October, 2019	Data delivery to RAND complete
November, 2019	Data testing and analysis
First Quarter, 2020	Public report finalized and made public online, private employer-level reports distributed





Goal for Employers is to pay for High Value

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

where Cost = Price + Utilization



# QUALITY: CMS Created Publicly available Hospital Compare website meant for consumers

← → ↻ <https://www.medicare.gov/hospitalcompare/About/Hospital-overall-ratings.html> ☆ ○ | G

A A A | Print Medicare.gov | Hospital Compare Home | Close window

**Medicare.gov** | **Hospital Compare**  
The Official U.S. Government Site for Medicare

**About Hospital Compare**

What is Hospital Compare?

❖ What information can I get about hospitals?

General information

❖ Hospital Compare overall hospital

## Hospital Compare overall hospital rating

Questions about the Hospital Compare overall hospital rating can be submitted to: [cmsstarratings@lantanagroup.com](mailto:cmsstarratings@lantanagroup.com).

### What is the Hospital Compare overall hospital rating?

The overall hospital rating summarizes a [variety of measures](#) on Hospital Compare reflecting common conditions that hospitals treat, such as heart attacks or pneumonia. Hospitals may perform more complex services or procedures not reflected in the measures on Hospital Compare. The overall hospital rating shows how well each hospital performed, on average, compared to other hospitals in the U.S.

The overall hospital rating ranges from 1 to 5 stars. The more stars, the better a hospital performed on the available quality measures. The most common overall hospital rating is 3 stars. [Learn more about hospital overall rating calculations.](#)



# Quality: CMS Hospital Compare

medicare.gov

medicare.gov

View Sites MyMedicare.gov Login

## Medicare.gov Hospital Compare

Menu

Home Share

You can now view Department of Defense and Veterans Health Administration hospital performance data through the search function.

### Find a hospital

A field with an asterisk (\*) is required.

\* **Location**  
Example: 45802 or Lima, OH or Ohio

**Hospital name (optional)**

Search

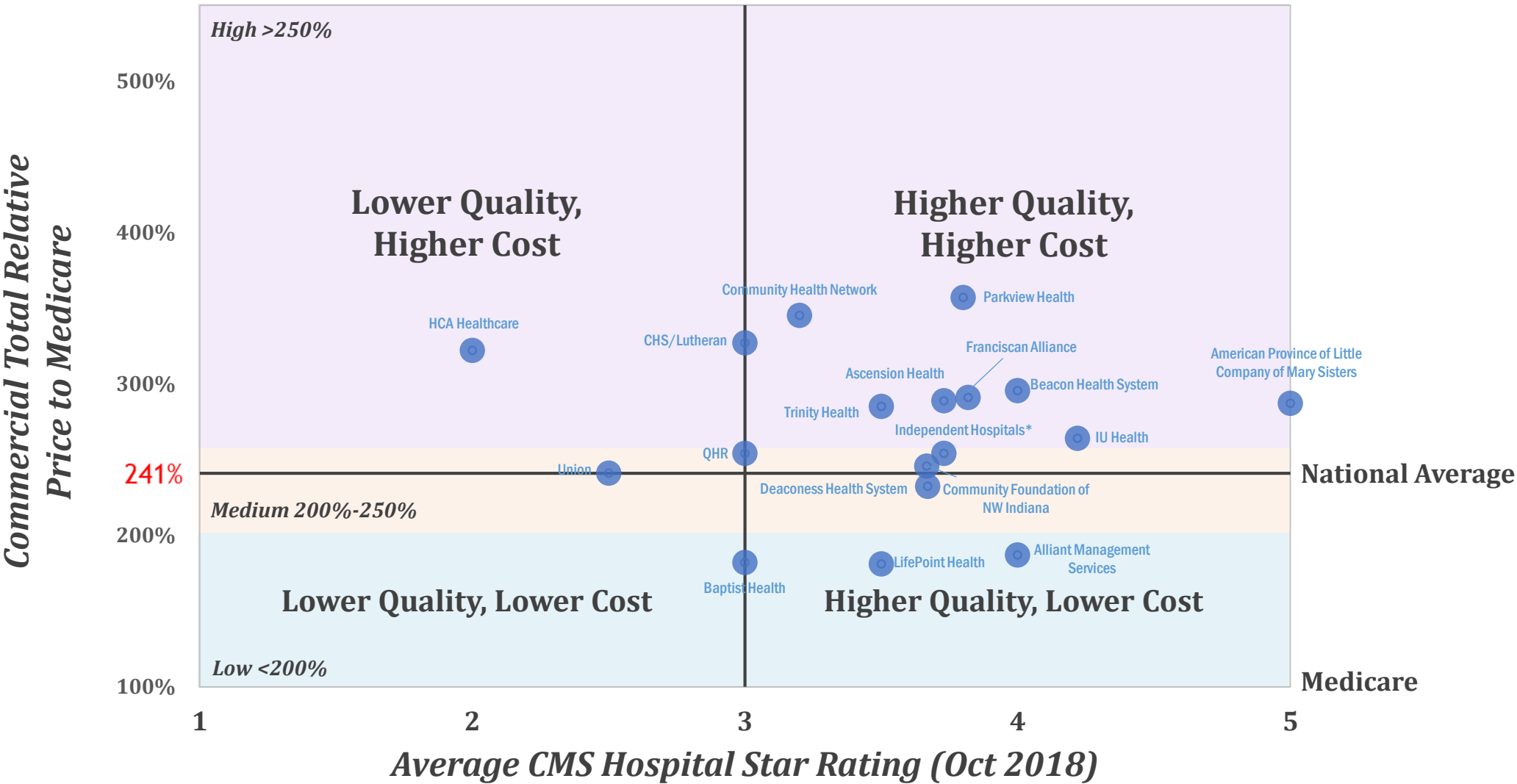
#### Additional Information

- Hospital Compare data last updated: February 28, 2019. [Explore and download Hospital Compare data and view a list of data updates.](#)
- Get data from Medicare programs that link quality to payment.
  - Hospital Readmissions Reduction Program (HRRP). Updated February 2019.
  - Hospital Value-Based Purchasing Program (HVBP). Updated February 2019.
  - Hospital-Acquired Condition (HAC) Reduction Program. Updated February 2019.
  - Comprehensive Care for Joint Replacement Model. Updated October 2018.
- For hospitals: [Update your address, phone number, and other administrative information.](#)
- For general questions regarding Hospital Compare and the data, email [HospitalCompare@lantanagroup.com](mailto:HospitalCompare@lantanagroup.com).
- View providers and suppliers that are terminated or are at risk for termination from Medicare.



# Indiana Results – Price & Quality

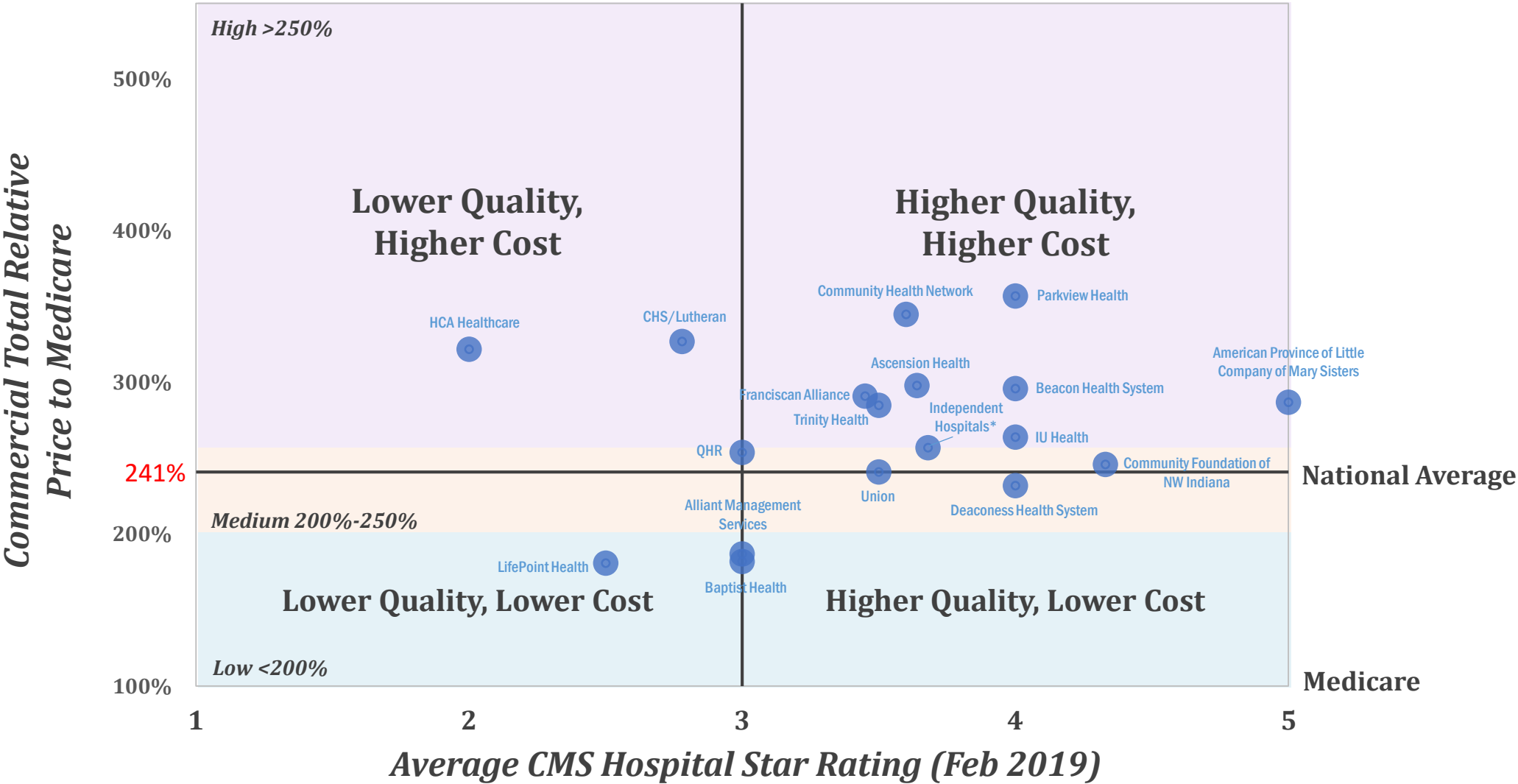
18 Indiana hospital systems (101 facilities)



\*Relative price and star rating for the 34 independent hospitals in Indiana averaged as one (1) hospital "system".

# Indiana Results – Price & Quality

18 Indiana hospital systems (99 facilities)

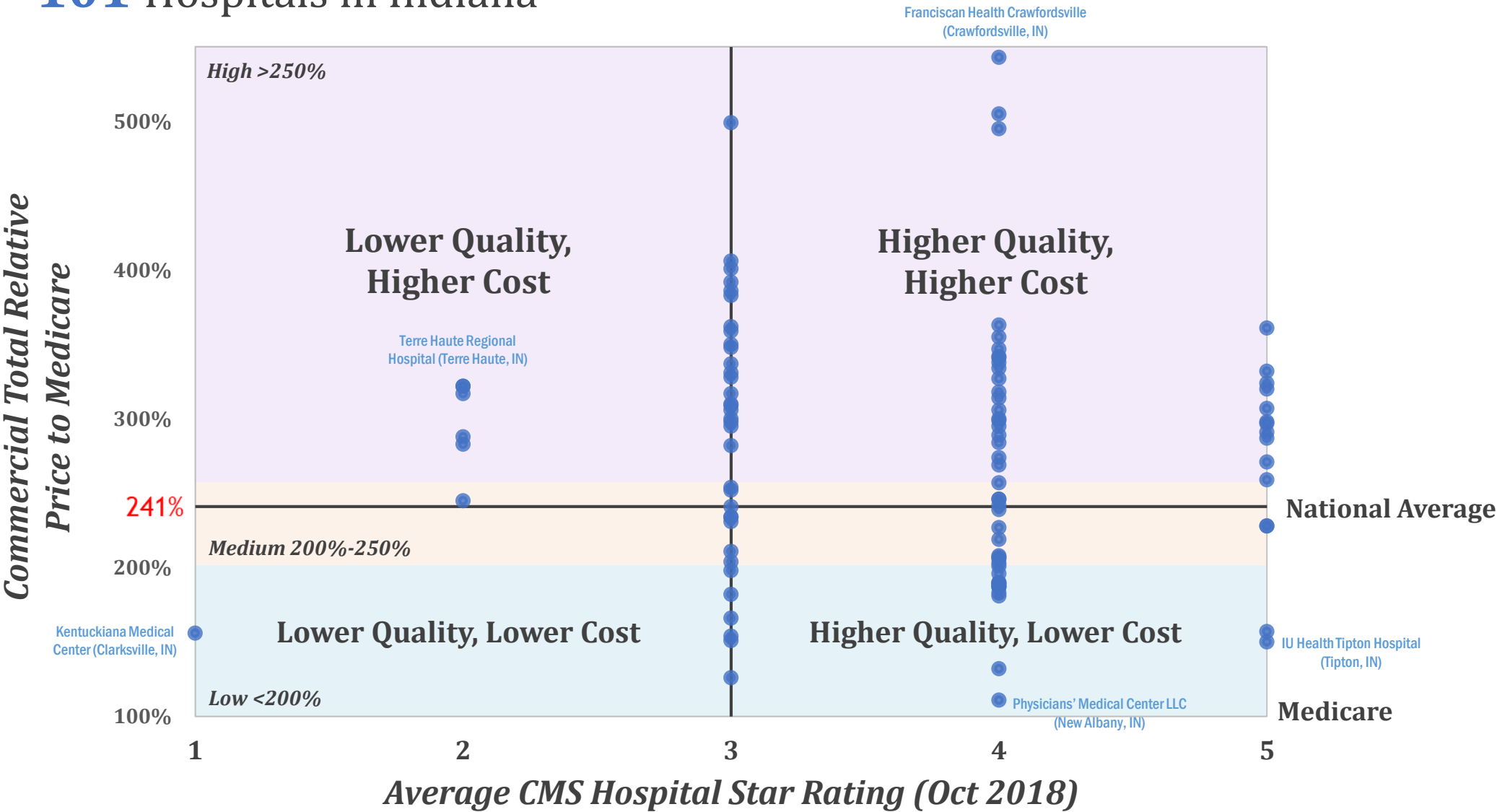


\*Relative price and star rating for the 34 independent hospitals in Indiana averaged as one (1) hospital "system".



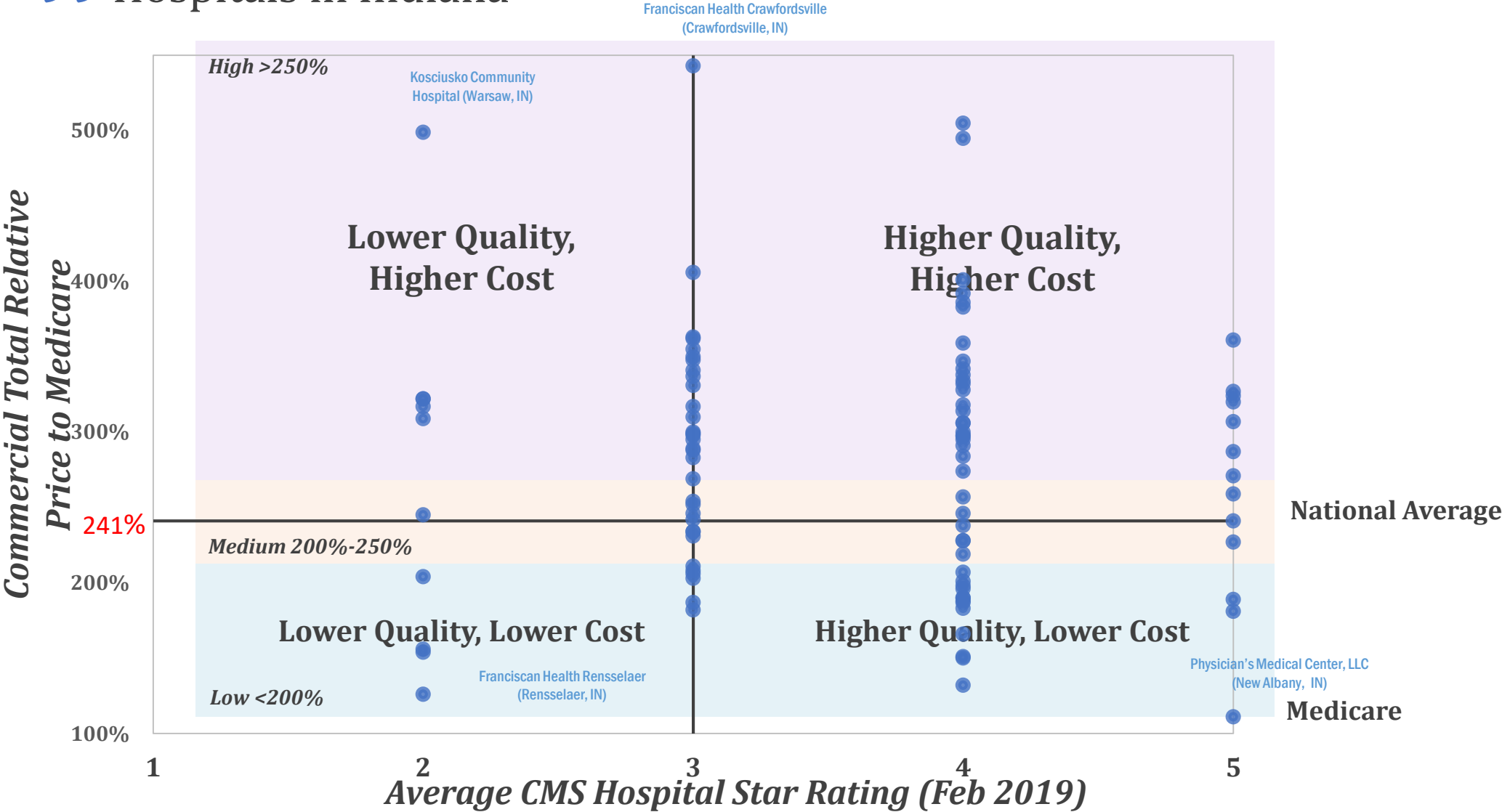
# Indiana Results – Price & Quality

101 Hospitals in Indiana



# Indiana Results – Price & Quality

99 Hospitals in Indiana



# Methodology for Quadrant Graphs

Hospital star ratings were gathered from the Medicare.gov Hospital Compare tool. Ratings were as of October 2018 and February 2019. Facilities with either a missing star rating and/or relative price were not included in the figuring of the averages.

The axes denote the national averages (200% of overall relative price and a three (3) in Hospital Compare Rating, the most common rating in the country). The green band denotes the range considered “medium” prices in the study.

**Data Sources:** *Relative Prices from White, C. (2019) Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative. RAND Corporation.*

[https://www.rand.org/pubs/research\\_reports/RR3033.html](https://www.rand.org/pubs/research_reports/RR3033.html).

Hospital Star Ratings from <https://www.medicare.gov/hospitalcompare/search.html>.

# Table of Indiana Hospitals' Relative Prices & their CMS Star Ratings

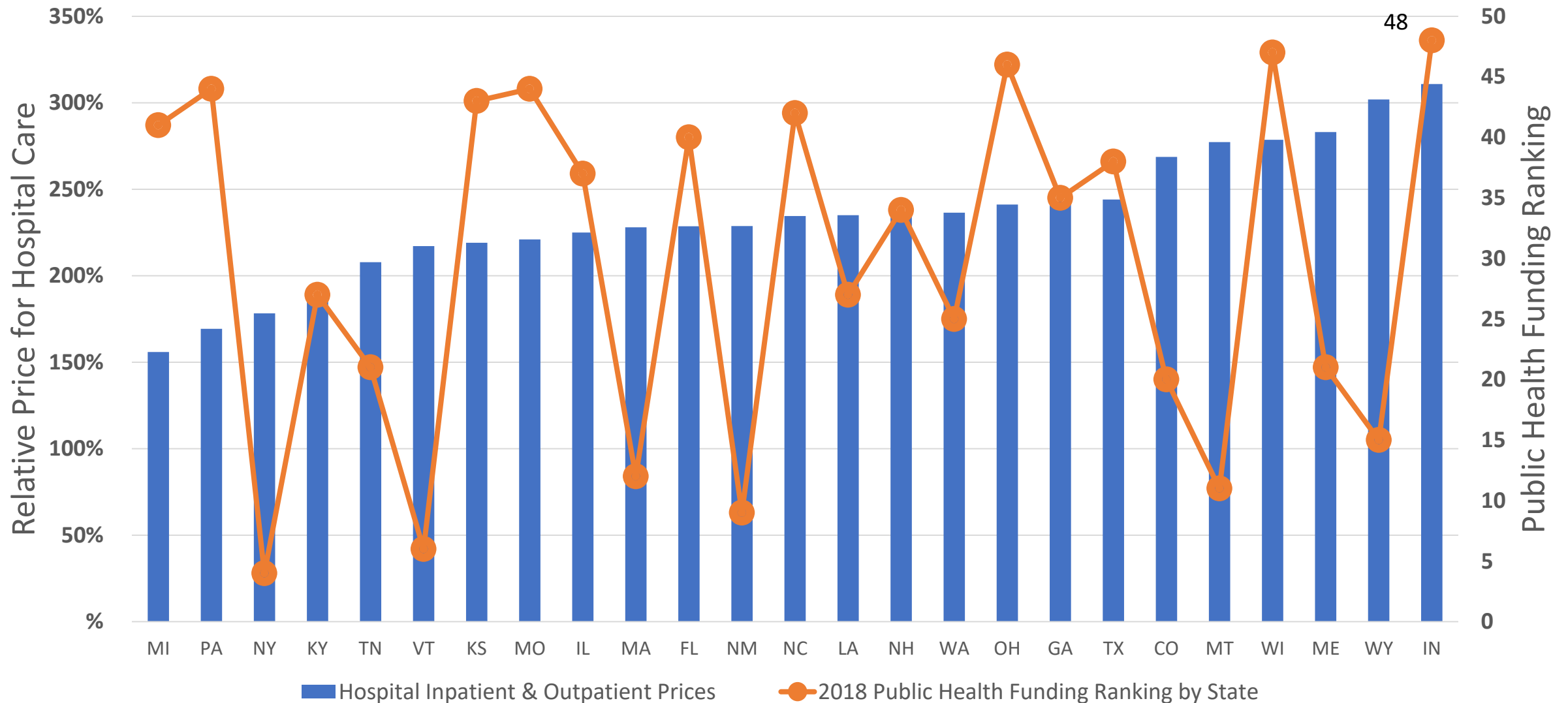
- Supplement posted on [Employersforumindiana.org](http://Employersforumindiana.org)

# DEBUNKING RUMORS





# Total Hospital Commercial Prices & Overall Public Health Funding Ranking



Source: CDC; Americas Health Rankings, 2018 Annual Report: Overall Public Health Funding Ranking

Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative

# Total Hospital Commercial Prices & Overall Health State Ranking



Source: CDC; Americas Health Rankings, 2018 Annual Report: Overall Health State Ranking  
Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative

# Hospital Price Transparency is the New Normal....

Federal Bill: **Lower Health Care Cost Act**  
draft released May 23, 2019, Senator Lamar  
Alexander (R-Tenn)

- 165 page bill, and here is 9 page summary:  
[https://www.help.senate.gov/imo/media/doc/LHCC%20Act%20section%20by%20section%205\\_23\\_2019.pdf](https://www.help.senate.gov/imo/media/doc/LHCC%20Act%20section%20by%20section%205_23_2019.pdf)

RAND Price Transparency studies will continue



The image is a screenshot of a Wall Street Journal (WSJ) article. At the top, there is a navigation bar with a hamburger menu icon on the left, the text 'WSJ' in the center, and a magnifying glass search icon on the right. Below the navigation bar, the text 'HEALTH POLICY' is visible in blue. The main headline of the article is 'Hospitals May Be Forced to Disclose Discount Rates Negotiated With Insurers' in a large, bold, black serif font. Below the headline, there is a sub-headline or summary in a smaller, grey sans-serif font that reads: 'Trump administration rule would compel hospitals to reveal prices for services in effort to boost transparency, competition'.

WSJ

HEALTH POLICY

## Hospitals May Be Forced to Disclose Discount Rates Negotiated With Insurers

Trump administration rule would compel hospitals to reveal prices for services in effort to boost transparency, competition

Thank You

