Using RAND 2.0 Hospital Price Report to Achieve High Value

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The contents represent the views of the authors and not the organization or it’s funders
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

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

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
INTERACTIVE MAP OF US HOSPITAL PRICES
employerptp.org
Across 25 States: Employer Health Plans Pay Hospitals 241% of What Medicare Would Pay and Overall Trend is Increasing

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
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)

311%

160%

** 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
** 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

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
### RAND 3.0 Study Timeline

<table>
<thead>
<tr>
<th>Month, Year</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>March, 2019</td>
<td>Recruitment of self-funded employers, APCDs, and health plans</td>
</tr>
<tr>
<td>July-August, 2019</td>
<td>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</td>
</tr>
<tr>
<td>September-October, 2019</td>
<td>Data delivery to RAND complete</td>
</tr>
<tr>
<td>November, 2019</td>
<td>Data testing and analysis</td>
</tr>
<tr>
<td>First Quarter, 2020</td>
<td>Public report finalized and made public online, private employer-level reports distributed</td>
</tr>
</tbody>
</table>
Goal for Employers is to pay for High Value

High Value = \textbf{Best Quality Cost}

where Cost = \textcolor{red}{Price} + Utilization
Hospital Compare overall hospital rating

Questions about the Hospital Compare overall hospital rating can be submitted to:
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.
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.
  - 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@lantana.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

Average CMS Hospital Star Rating (Oct 2018)
Indiana Results – Price & Quality

99 Hospitals in Indiana

Commercial Total Relative Price to Medicare

Lower Quality, Lower Cost

Higher Quality, Higher Cost

National Average

Physician’s Medical Center, LLC (New Albany, IN)

Kosciusko Community Hospital (Warsaw, IN)

Franciscan Health Crawfordsville (Crawfordsville, IN)

Franciscan Health Rensselaer (Rensselaer, IN)

Average CMS Hospital Star Rating (Feb 2019)
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.


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
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:

RAND Price Transparency studies will continue

WSJ

**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