



Inaction on Healthcare Prices Costs Indiana Workers and Employers \$2 Billion Annually

New analysis by Employers' Forum of Indiana and national healthcare finance experts confirms the scale of Indiana's hospital pricing problem

INDIANAPOLIS (March 23, 2023) — Without legislative action to bring Indiana's hospital prices in line with the national average during the current session of the Indiana General Assembly, Indiana working families and their employers face billions of dollars in avoidable costs. Analysis by the [Employers' Forum of Indiana](#) shows that Indiana workers and employers paid more than \$2 billion more on employee hospital care in 2020 than they would have if Indiana's market had hospital prices at the national average. Of the \$2 billion potential savings, \$1.6 billion would have come from thirty hospitals that are owned by five non-profit health systems.

[*Read full analysis here*](#)

The national average for commercial hospital facility prices, a figure originally included in [House Bill 1004](#), is 260% of the rate Medicare pays hospitals. Indiana's hospital facility prices are fourth-highest in the nation at 329% of the Medicare rate. This is according to the [RAND 4.0 Hospital Price Transparency Study](#), a national study using claims data from more than 4,000 hospitals in 49 states and Washington, D.C.

"Each year without a statutory benchmark to keep hospital prices at the national average results in further billions of dollars in costs being passed on to Hoosiers and their employers," said Gloria Sachdev, President and CEO of the Employers' Forum of Indiana. "Thanks to the leadership of Speaker Todd Huston and President Pro Tem Rodric Bray, this legislative session represents the most robust policy conversation we have had to tackle high hospital prices in Indiana."

Publicly available data sources used for this analysis include the RAND 4.0 Hospital Price Transparency Study, the National Academy for State Health Policy (NASHP) [Hospital Cost Tool](#), the [UC Berkeley Petris Center analysis](#) of Indiana insurance markets, and the [American Community Survey](#).

While the Indiana state average of commercial hospital facility prices in 2020 was 329% of the Medicare rate, the facility prices of only the subset of non-critical access, nonprofit hospitals above the 260% national average is 365% of Medicare. If this subset of hospitals were to bring their prices to the national average of 260% of Medicare, that would represent a 28.73% decrease.

This would have resulted in a staggering \$2.037 billion savings for Hoosier working families and their employers in the year 2020. That savings would represent a reduction in net income for Indiana's non-critical access, non-profit hospitals from a total of \$3.5 billion to \$1.5 billion and a reduction of the net income margin from 18.6% to 8.8%.

[Marilyn Bartlett](#), an accountant and senior policy fellow from NASHP and [Dr. Chris Whaley](#), an economist from the RAND Corporation, assisted Employers' Forum board member [David Kelleher](#) in the analysis of the data.



"Lowering high prices, as evidenced in the available data, is important in addressing overall affordability for all purchasers of care, including employers and families. Lack of affordability is a barrier to ensuring access to care," said Bartlett.

"Indiana's hospital prices are among the highest in the country and driven in part by high levels of provider concentration, which makes it difficult for these prices to come down to more reasonable levels without policy intervention," said Whaley.

For more information about Indiana's hospital prices and the prices of facilities across the country, please visit www.SageTransparency.com.

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About Employers' Forum of Indiana

The [Employers' Forum of Indiana](http://www.EmployersForumofIndiana.org) is a not-for-profit, employer-led multi-stakeholder coalition whose mission is to improve the value payers and patients receive for their healthcare expenditures.