



# Welcome!

## National Hospital Price Transparency Conference: Path to Affordability

Full speaker bios are on the conference website:  
<https://employersforumindiana.org/conference/>

Conference presentations will be on this website  
AFTER the conference



# WHAT'S FAIR?

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National Hospital Price Transparency Conference:  
Path to Affordability  
Indianapolis, Indiana

# EMPLOYERS' FORUM OF INDIANA

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



WANT

**BEST VALUE = BEST QUALITY  
BEST PRICE**





# PRICE TRANSPARENCY ANALYSIS

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

- The Forum and RAND believe the best way to accomplish this is to report prices as a percent of commercial allowable paid to Medicare allowable paid for the exact same services per hospital, thus we report **relative prices**.
- For Example: the report shows that commercial plans paid Hospital "A" 200%, i.e. 2X more than what Medicare care paid and that Hospital "B" was paid 350%, i.e. 3.5X more than what Medicare paid.



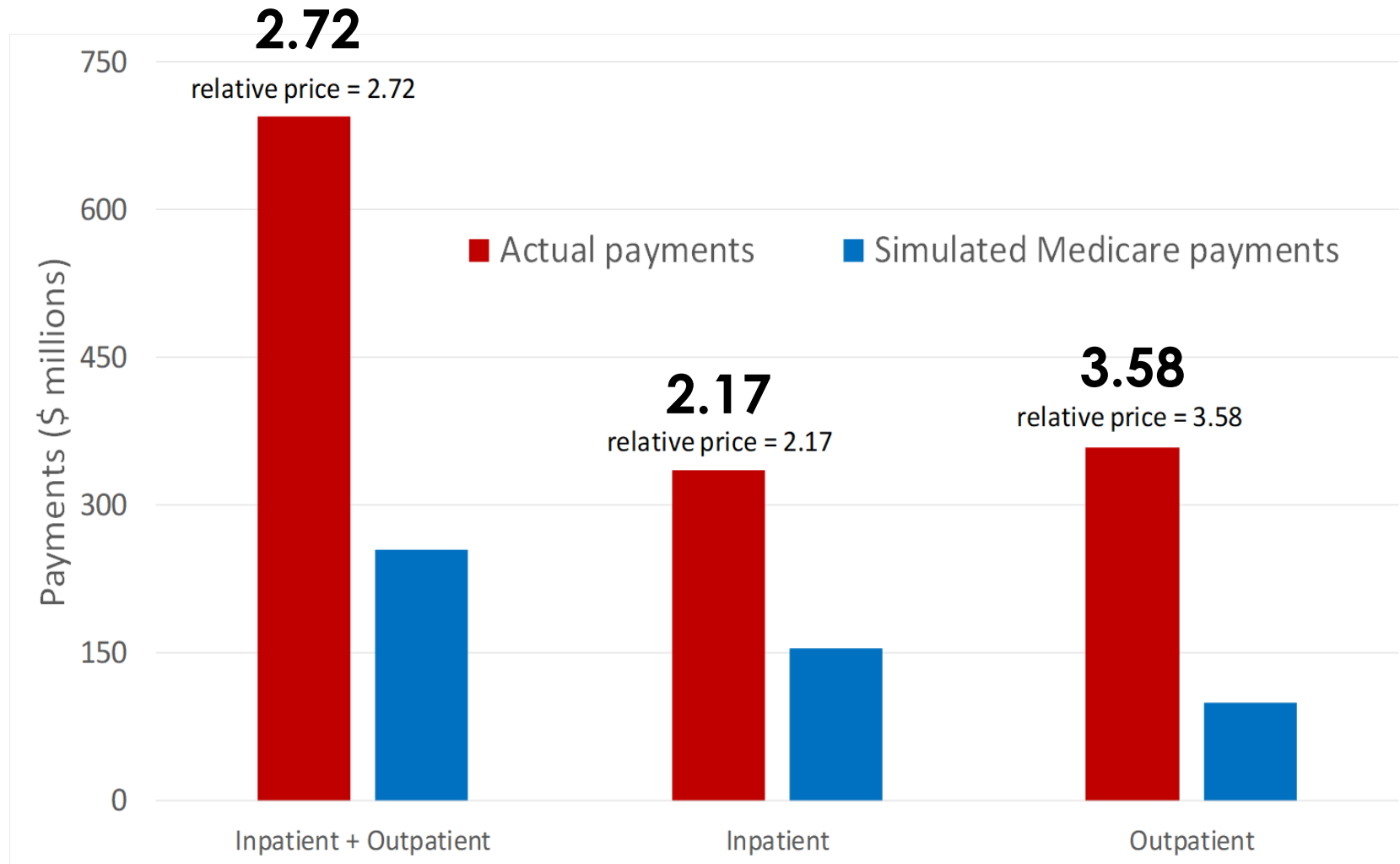
# BACKGROUND: INDIANA EMPLOYER HOSPITAL PRICE STUDY, RAND 1.0

- 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
- Full report of study findings published September 2017 and freely downloadable from RAND's website:  
[https://www.rand.org/pubs/research\\_reports/RR2106.html](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)

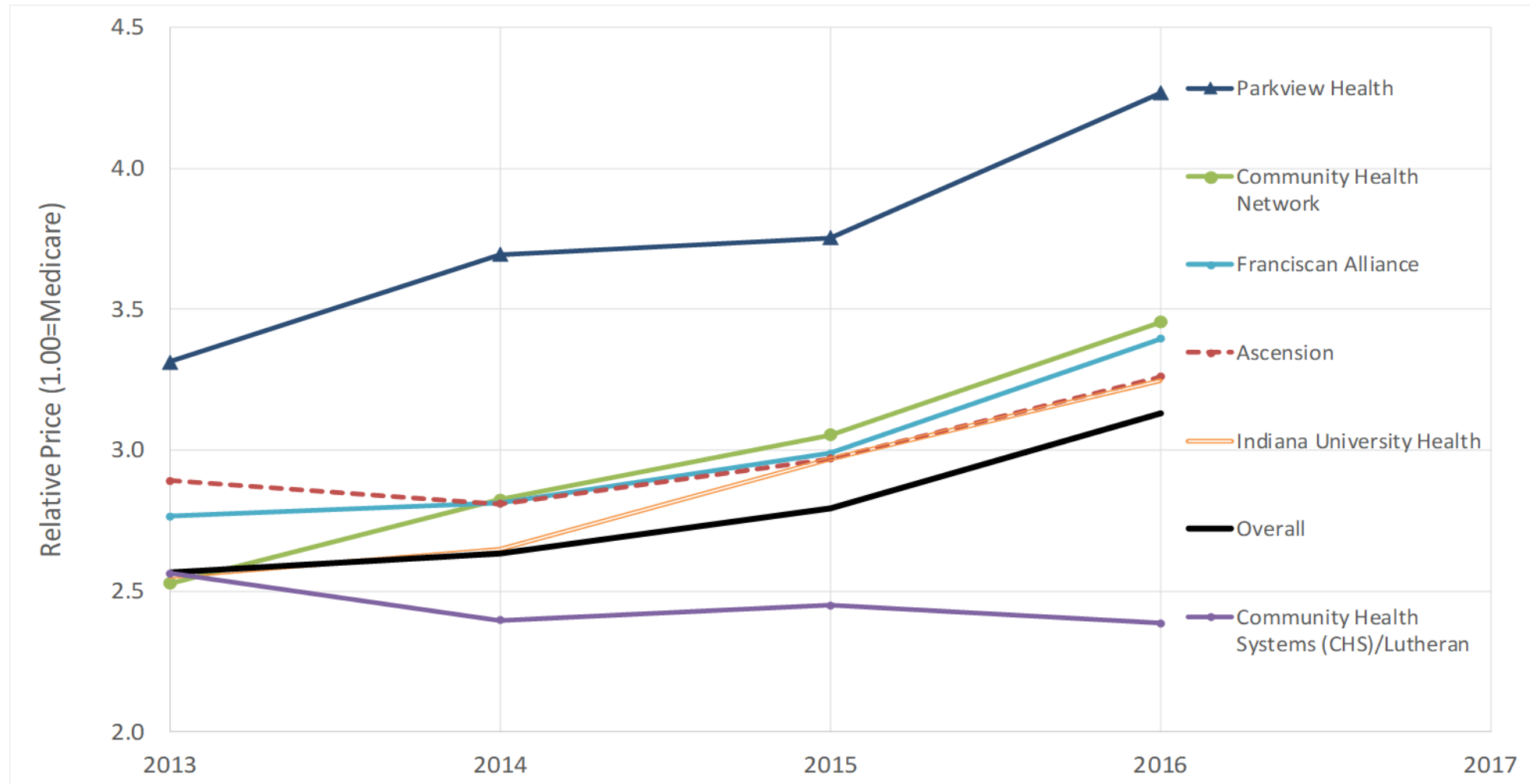


Source: White, 2017, Hospital Prices in Indiana.



# FORUM RAND STUDY 1.0 FINDINGS

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



Source: White, 2017, Hospital Prices in Indiana.





EMPLOYERS' FORUM OF INDIANA



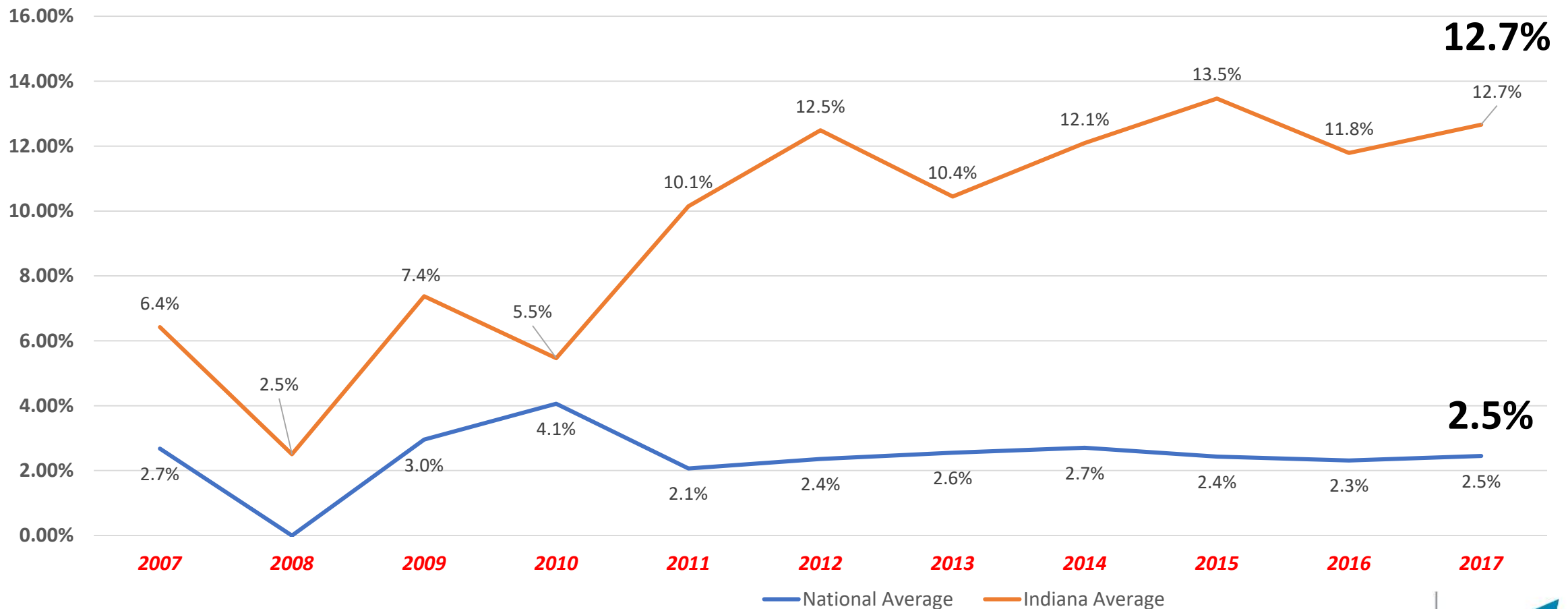
# WHAT'S A FAIR COMMERCIAL PRICE FOR HOSPITAL SERVICES?

# RAND U.S. Hospital Profit Margin Database Information

- Included hospitals:
  - Medicare-Certified
  - Short-Stay, and General Medical/Surgical
  - Nonprofit, For-Profit, and Government Owned
- Database consists of two groups:
  - Hospitals paid under the Medicare Inpatient Prospective Payment System (IPPS)
  - Critical Access Hospitals (CAH)
- Excluded hospitals:
  - Long-Term Care Hospitals
  - Psychiatric/Cancer/Children's/Rehabilitation Hospitals
  - Veterans Affairs hospitals



# Hospital Operating Profit Margins: Indiana vs U.S.

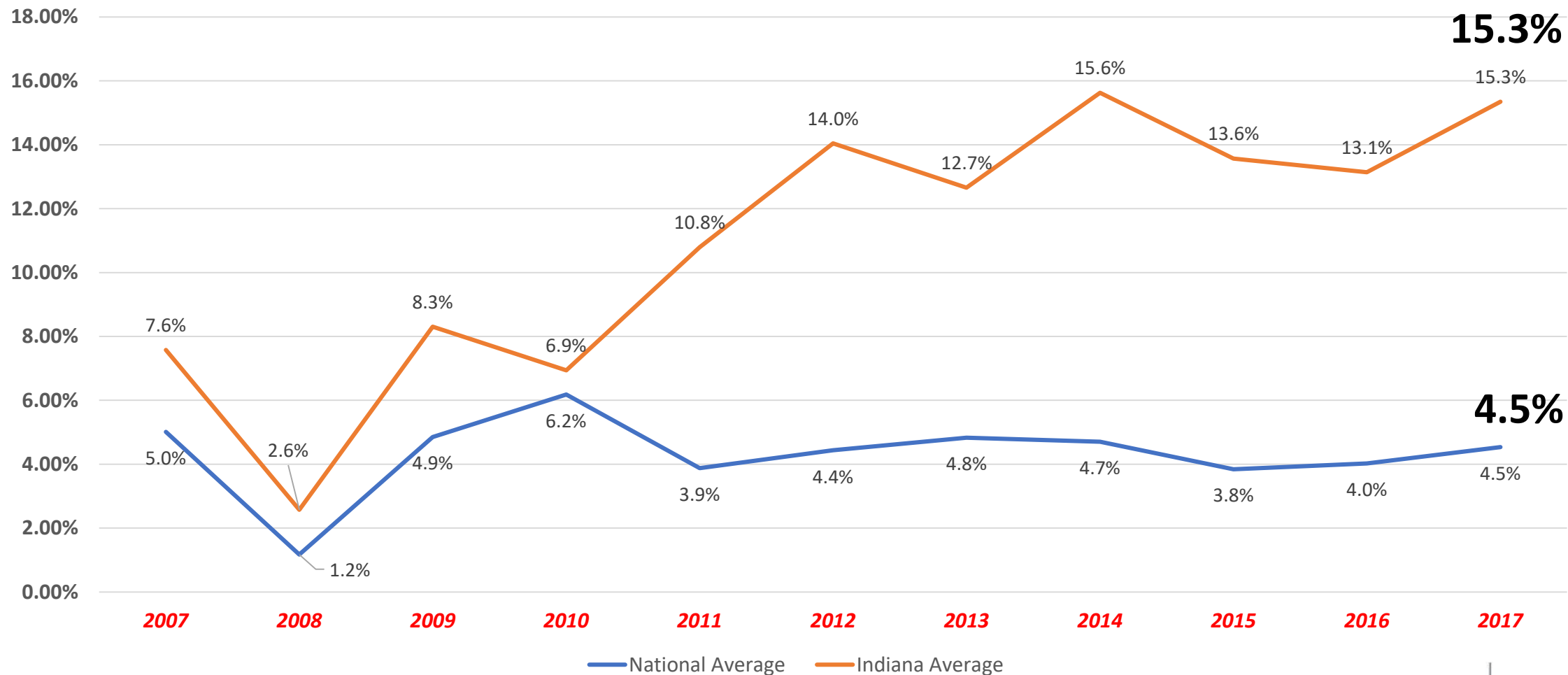


RAND Corp. Hospital Database <http://hospitaldata.rand.org/>

File Names: rand\_hcris\_cy\_hosp\_a\_2018\_09\_01.csv.zip, rand\_hcris\_cy\_st\_a\_2018\_09\_01.csv.zip, rand\_hcris\_cy\_natl\_a\_2018\_09\_01.csv.zip



# Hospital Total Profit Margin: Indiana vs. U.S.



RAND Corp. Hospital Database <http://hospitaldata.rand.org/>

File Names: rand\_hcris\_cy\_hosp\_a\_2018\_09\_01.csv.zip, rand\_hcris\_cy\_st\_a\_2018\_09\_01.csv.zip, rand\_hcris\_cy\_natl\_a\_2018\_09\_01.csv.zip



# LOOK UP HOSPITAL MARGINS IN YOUR STATE

## Steps to Obtain the Rand Profit Margin Database

1. Link: <https://www.hospitaldatasets.org/>
2. Become a subscriber
3. Click data, download 3 datasets
  1. Dataset 1: level of aggregation = hospital, time period = calendar year, vintage = 2018\_09\_01, data format=.csv, data errors corrected = yes (file name = "rand\_hcris\_cy\_hosp\_a\_2018\_09\_01.csv.zip")
  2. Dataset 2: level of aggregation = state, time period = calendar year, vintage = 2018\_09\_01, data format=.csv, data errors corrected = yes (file name = "rand\_hcris\_cy\_st\_a\_2018\_09\_01.csv.zip")
  3. Dataset 3: level of aggregation = national, time period = calendar year, vintage = 2018\_09\_01, data format=.csv, data errors corrected = yes (file name = "rand\_hcris\_cy\_natl\_a\_2018\_09\_01.csv.zip")
- The relevant columns in the .csv's are labeled "Total margin [total\_margin]" and "Operating margin [operating\_margin]"
- The documentation and contents are freely available here:  
[https://www.hospitaldatasets.org/data/dictionary/2019\\_02\\_01](https://www.hospitaldatasets.org/data/dictionary/2019_02_01)





**WANT**

$$\text{BEST VALUE} = \frac{\text{BEST QUALITY}}{\text{BEST PRICE}}$$



# CMS HOSPITAL COMPARE

## MEDICARE.GOV

The screenshot shows the Medicare.gov Hospital Compare search interface. At the top, there's a navigation bar with 'View', 'Sites', and 'MyMedicare.gov Login'. Below this is the 'Medicare.gov Hospital Compare' header with a 'Menu' button. A 'Home' button and a 'Share' icon are also present. A yellow banner states: 'You can now view Department of Defense and Veterans Health Administration hospital performance data through the search function.' The main section is titled 'Find a hospital' and includes a note: 'A field with an asterisk (\*) is required.' There are two input fields: one for 'Location' with an example '45802 or Lima, OH or Ohio' and a placeholder 'ZIP code or City, State or State', and another for 'Hospital name (optional)' with a placeholder 'Full or Partial Hospital Name'. A green 'Search' button is at the bottom.

1. Heart attack

2. Heart failure

3. Heart bypass

4. Pneumonia

5. Chronic  
Obstructive  
Pulmonary  
Disease

6. Total  
knee/hip  
replacement

### 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.](#)

# KAISER HEALTH NEWS: [HTTPS://KHN.ORG/NEWS/HOSPITAL-PENALTIES/](https://khn.org/news/hospital-penalties/)

## CMS Hospital Readmission Reduction Program

khn.org

KHN

Look Up Hospital Penalties

Reset all filters

Hospital penalized in

2019

State

Indiana

Search

Hospital, city, county, state...

Readmission

Hospital-Acquired Conditions

Percentage by which payments are reduced because of excess rehospitalizations.

Penalty

No penalty

Exempt

Name

'15

'16

'17

'18

'19

KHN					
Percentage by which payments are reduced because of excess rehospitalizations.					
<div><div>Penalty</div><div>No penalty</div><div>Exempt</div></div>					
Name	'15	'16	'17	'18	'19
K... LI... CL...	0.66	0.88	3.00	3.00	3.00
D... AU...		0.18	1.01	1.55	2.48
S... HO...	1.35	1.51	1.52	2.01	1.88
T... H... TE...	1.06	0.86	0.83	0.83	1.58
C... IN...	0.09	0.07	0.63	0.74	1.56
H... LA...	0.80	0.71	0.98	1.39	1.52
M... GA...	1.98	2.10	2.41	2.09	1.45
D... EV...	0.40	0.71	0.72	1.15	1.25
F... H... HA...	1.06	1.17	1.20	1.31	1.21
L... LA...	1.24	1.05	0.40	1.02	1.18
B... CI...	1.97	1.83	2.25	1.58	1.15

NEXT.....



**It is Going to Take All of Us Working  
Collaboratively to Achieve Our Goal**

It is not what you look at that matters, it is what you see.  
-Henry David Thoreau