Employer Talking Points for Assertions Against RAND 3.0

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Health care costs paid by employers impacts funding available for employee wages and benefits. Rising health care costs also create a burden for many families who are paying more out of pocket for premiums, deductibles, and other expenses.[1] Employers need to know the details of their health care spend to assure they are fulfilling their fiduciary responsibility to spend plan dollars in the best interest of their employees. Employers spend most of their healthcare dollars on hospital services. Unfortunately, employers have not had access to transparent price or quality information and often rely on third-party studies, such as the RAND hospital price transparency studies.

RAND Study Background

	RAND 1.0	RAND 2.0	RAND 3.0
Services	Hospital Inpatient and Outpatient	Hospital Inpatient and Outpatient	Hospital Inpatient and Outpatient Fees Professional Inpatient and Outpatient Fees
States	IN	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	49 states and District of Columbia (excludes Maryland)
Years	July 2013 - June 2016	Jan 2015 - Dec 2017	Jan 2016 - Dec 2018
Hospitals	120 community hospitals	1,598	3,112
Claims	14,000 (inpatient) 275,000 (outpatient)	330,000 (inpatient) 14.2 million (outpatient)	750,000 (inpatient) 40.2 million (outpatient)
Allowed Amount	$695 million Total: $336 million inpatient $359 million outpatient	$12.9 billion Total: $6.3 billion inpatient $6.6 billion outpatient	$33.8 billion Total: $15.7 billion hospital inpatient $14.8 billion hospital outpatient $3.3 billion professional
Data Sources	Participating self-funded employers	Self-funded employers, 2 state all-payer claims databases, and health plans	Self-funded employers, 6 state all-payer claims databases, and health plans across the country
Funders	Fully funded by the Robert Wood Johnson Foundation (RWJF)	RWJF, NIHCR, THFI, optional for self-funded employers who wanted a private report (not health plans or hospitals)	RWJF and optional for self-funded employers if they wanted a private report

Rand Study information can be found at https://employerptp.org/rand-hospital-price-studies/

[1] Source: KFF Employer Health Benefits Survey, 2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010 and 2015: http://files.kff.org/attachment/Report-Employer-Health-Benefits-2020-Annual-Survey.pdf

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Assertion Against RAND 3.0	Employer Response/Talking Points
American Hospital Association Comment: Medicare is not an appropriate base for comparison because it under-reimburses hospitals. Link	The report specifically does not suggest that Medicare payment is sufficient. It uses Medicare payments as a baseline to compare hospitals for the reasons discussed in the report. The most important reasons for using Medicare as a baseline include Medicare's adjustments for differences in the severity of illness of patients, the relative resources needed to treat that injury or illness, and the amount of medical education and care to the poor a hospital provides.
The study "hand-picked" data. Link	In fact, the study was open to all employers and health insurance plans and denied or excluded no claims information that could be processed for inclusion in the study.
The sample size was small. Link	Total charges to employers exceeded $33 billion. Two important points here: • These claims represent the actual claims costs of the employers and plans who participated in the study (which was open to all). • If the study had too few claims for any hospital or service within a hospital, those results were NOT reported.
Indiana Hospital Association Comment: Link The study ignores the costs added by insurance carriers.	Yes it does. This study was designed to discover hospital prices. We agree that the cost of health insurance and pharmaceutical pricing are also significant contributors to employer cost burdens. We would welcome the participation of hospitals and others in designing and funding a study which analyzes these other challenges.
Indiana University Health Comment: Link The study does not investigate the entire spectrum of health care services.	This is true, it was not intended to. See immediately above.
Does not "factor in quality."	This is not true. Medicare Hospital Compare quality stars are reported along with financial results.

The study does not adjust for the facts that IU Health is a referral hospital and provides medical education.	This is simply not true and especially for IU Health. These adjustments are among the most important reasons for using Medicare as a basis for comparison: its payments are adjusted for patient complexity and for the amount of medical education provided by a hospital.

Change is POSSIBLE!

To have a functional market, health care purchasers must demand Price and Quality transparency. This is done through reliable and actionable data, benefit design, payment model alignment with value, and legislative policy. Employers must OWN and UNDERSTAND their data; ALIGN payment of their consultants, TPA/ASO, and provider partners based on improved clinical and economic data; and PAY based on data.

3 Key Take-Aways for Employers:

1. Insist on **ACCOUNTABILITY** through the **ENTIRE** supply chain using performance guarantees.
2. Be **EVIDENCE BASED** in your decision making.
3. Get comfortable with **QUALITY** because it is **NOT** all the same.