



Employer-Led National Hospital Price Transparency Initiative

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Employers' Forum of Indiana-Fort
Wayne Health Value Summit
Fort Wayne, Indiana
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ABOUT THE EMPLOYERS' FORUM OF INDIANA



| |
|---|
| Employer-led Healthcare coalition formed in 2001 |
| Executive Committee comprised of non-provider employers |
| Members include self-funded employers, health plans, health systems, and other interested parties |
| Aim is to improve the value employers and patients receive for their health care expenditures |
| www.employersforumindiana.org |
| |
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Members of the Employers' Forum of Indiana

- Anthem Blue Cross and Blue Shield
- AON
- American Health Network
- Assured Partners
- Barnes and Thornburg
- Castlight Health
- Chrysler (FCA)
- Columbus Regional Hospital
- Community Health Network
- Cummins Inc.
- Deaconess Hospital
- Eli Lilly and Company
- Encore Health
- Eskenazi Health
- Fort Wayne Community School Corp
- Franciscan Alliance
- Gregory & Appel
- Healthcare Options
- Indiana Farm Bureau
- Indiana State Teachers Union
- Indiana Health Information Exchange
- Indiana Rural Health Association
- Indiana University
- Indiana University Health
- Ivy Tech
- JA Benefits
- LHD Benefit Advisors
- Mercer
- Merck (affiliate)
- Monarch Beverage
- Northwest Radiology
- OneAmerica
- OneBridge
- Ortho Indy
- Our Health Inc.
- Parkview Health
- Purdue University
- Roman Catholic Archdiocese of Indianapolis
- Roche & Genentech
- St. Vincent Health
- Suburban Health Organization
- The Henriott Group
- Tippecanoe School Corp.
- TrueRx
- United Healthcare
- Young at Heart Pharmacy



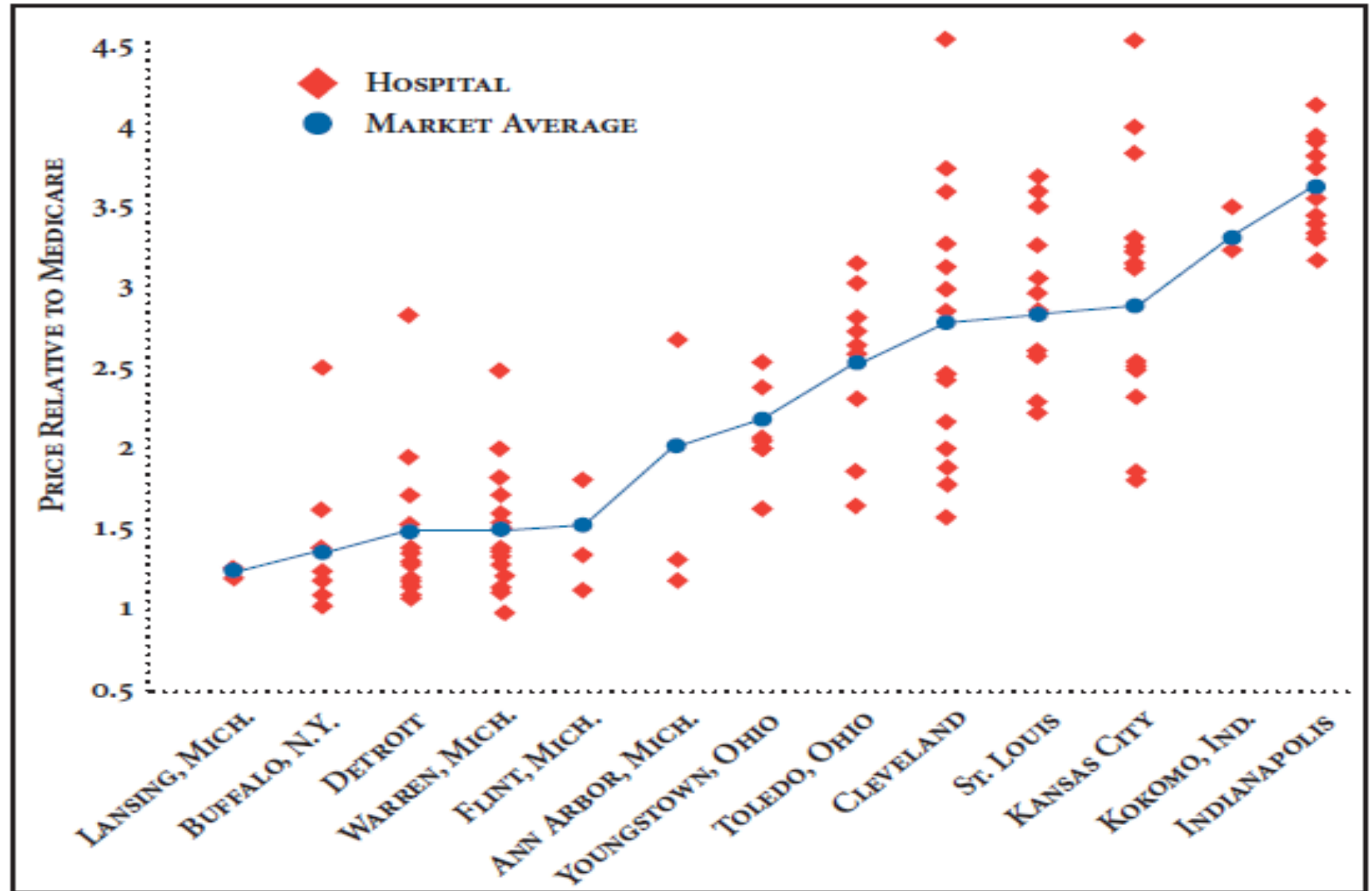


The Problem: Health Costs Are Non-Sustainable

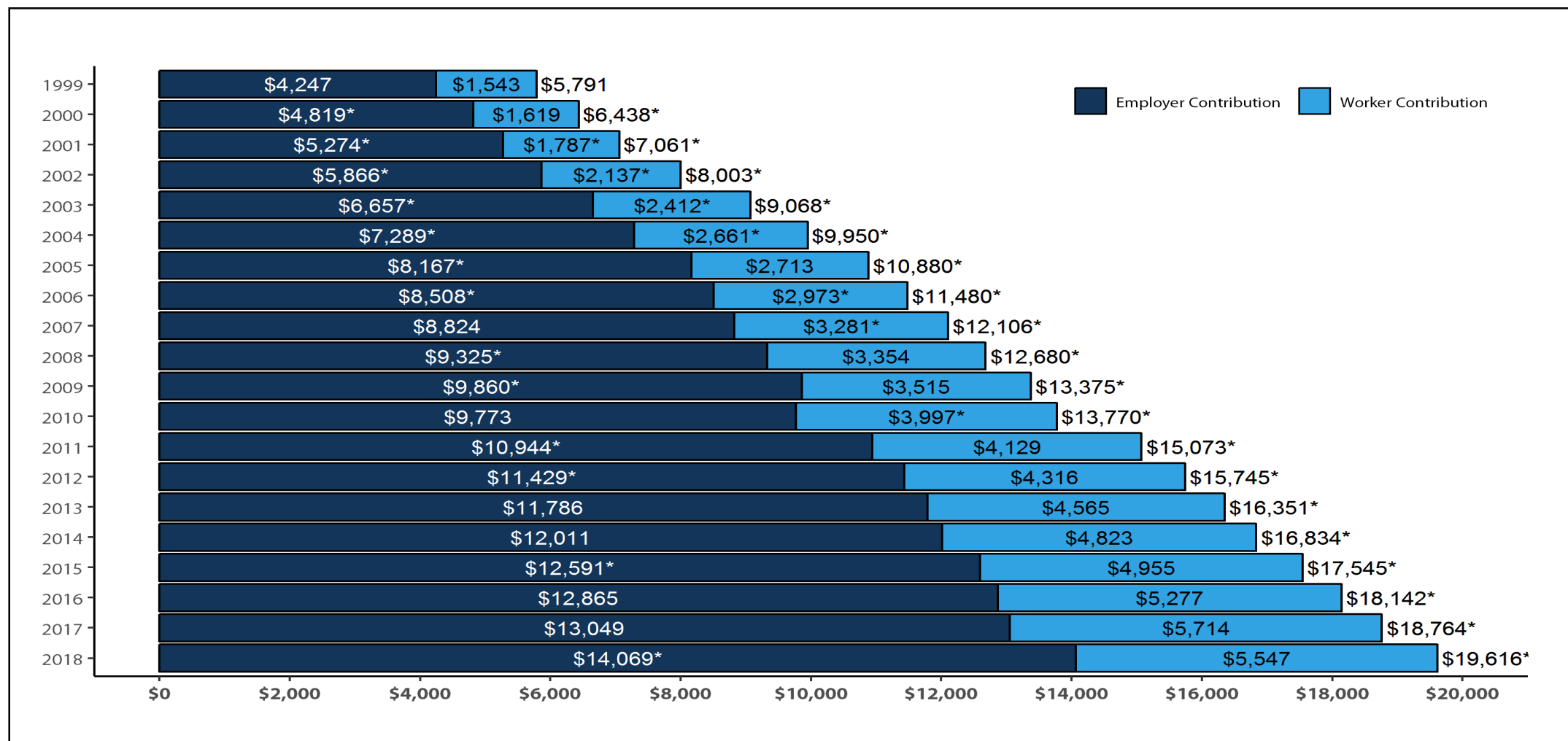
BACKGROUND

Study funded by the National Institute for Health Care Reform (NIHCR), using claims data from automakers and UAW

Variation in Hospital Outpatient Prices for Privately Insured Patients Across and Within 13 U.S. Markets



Employer Premiums have Risen, and so have Employee Contributions



*Estimate is statistically different from estimates for the previous year shown (p < .05).

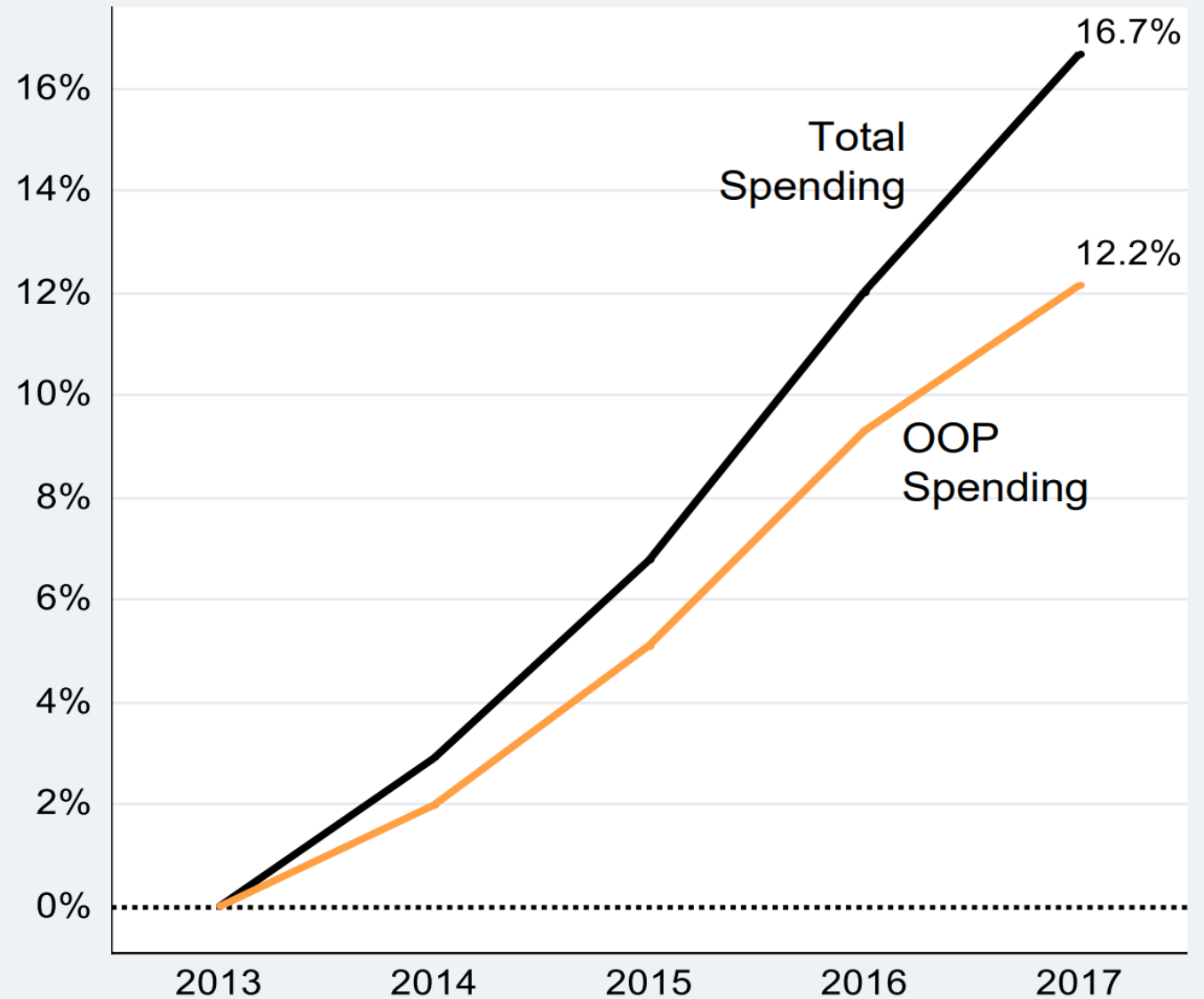
SOURCE: KFF Employer Health Benefits Survey, 2018; Kaiser/HRET Survey of Employer-Sponsored Health Benefits. 1999-2017

OUT-OF-POCKET

Per person has
increased by 12.2%

Health Care Cost Institute
2017 Health Care Cost
and Utilization Report,
published in Feb 2019
<https://www.healthcostinstitute.org/research/annual-reports/entry/2017-health-care-cost-and-utilization-report>

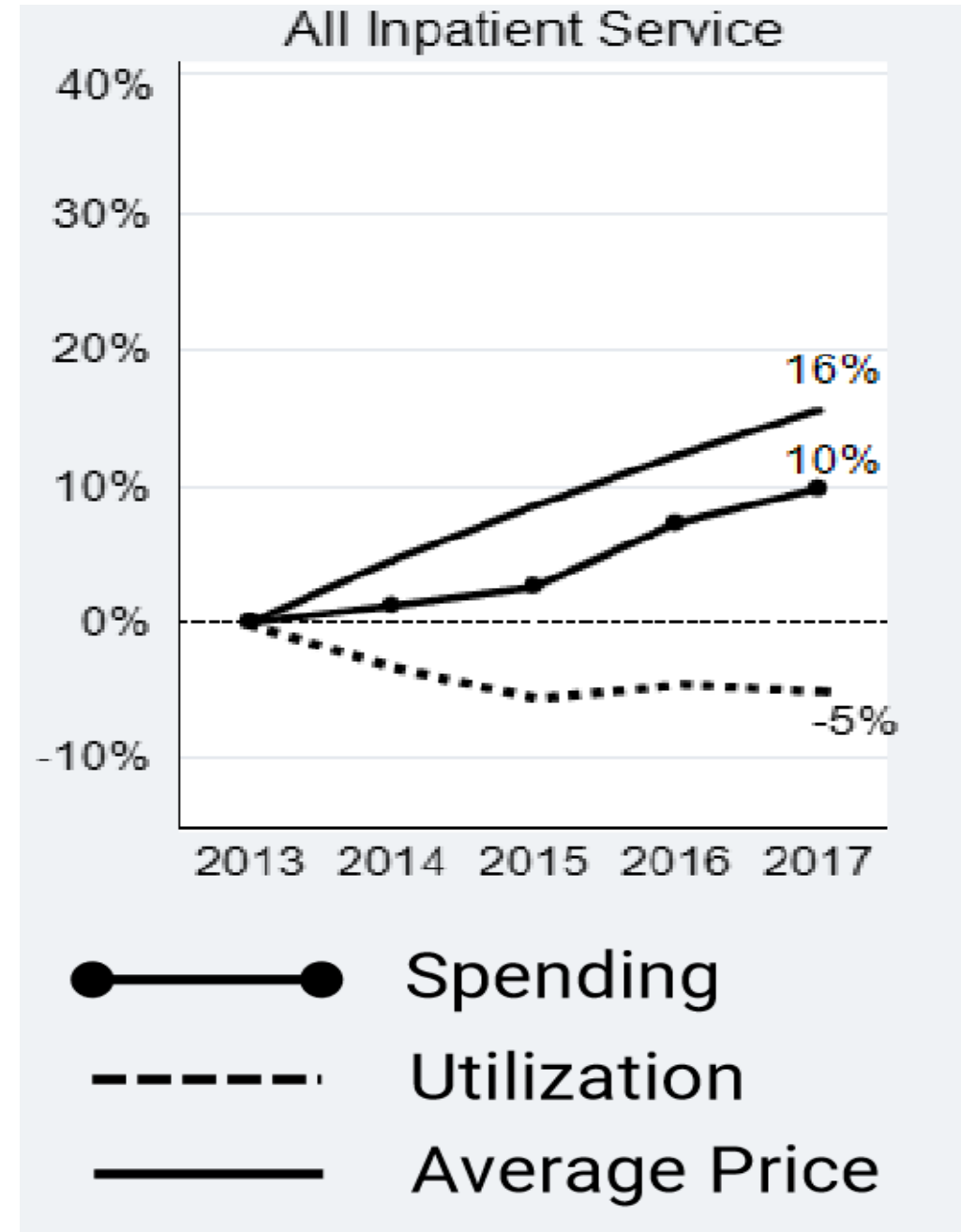
Figure 12: Cumulative Change in Out-of-Pocket and Total Spending per Person since 2013



INPATIENT

From 2013-2017, overall price (average spending per inpatient admission) increased 16%, utilization decreased by 5% and total spending by 10%

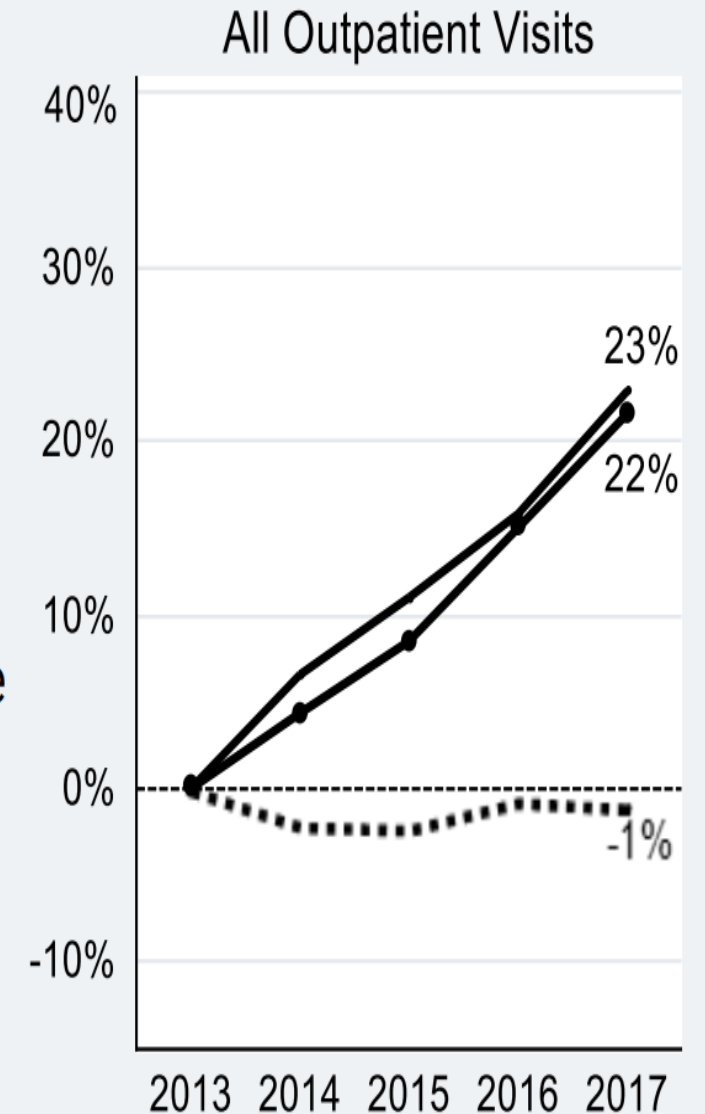
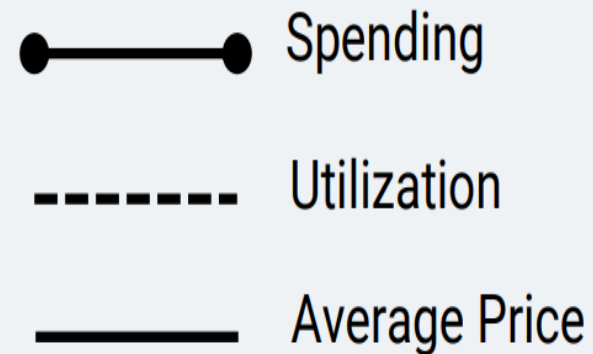
Health Care Cost Institute 2017 Health Care Cost and Utilization Report, published in Feb 2019
<https://www.healthcostinstitute.org/research/annual-reports/entry/2017-health-care-cost-and-utilization-report>



OUTPATIENT

From 2013-2017, overall price increased 23%, utilization decreased by 1% and total spending increased by 22%

Health Care Cost Institute 2017 Health Care Cost and Utilization Report, published in Feb 2019
<https://www.healthcostinstitute.org/research/annual-reports/entry/2017-health-care-cost-and-utilization-report>





Solution:
Understanding What You are Paying For

QUESTIONS THE FORUM AIMED TO ANSWER



Part A: Are hospital prices high in Indiana?

- RAND 1.0 Study

Part B: How do our prices compare to those in other states?

- RAND 2.0 Study



Home Page for Price Transparency Project

We have created a one-stop webpage www.employerPTP.org

Includes:

1. RAND 1.0 study, Published Sept 2017: Hospital Prices in Indiana Findings from an Employer-Led Transparency Initiative
2. RAND 2.0 study, published May 9: Prices Paid to Hospitals by Private Health Plans Are High Relative to Medicare and Vary Widely
RAND 2.0 Supplement Database
RAND 2.0 Interactive Map Tool
3. News articles
4. Sign up for RAND 3.0 and more....



Comparing Hospital Prices

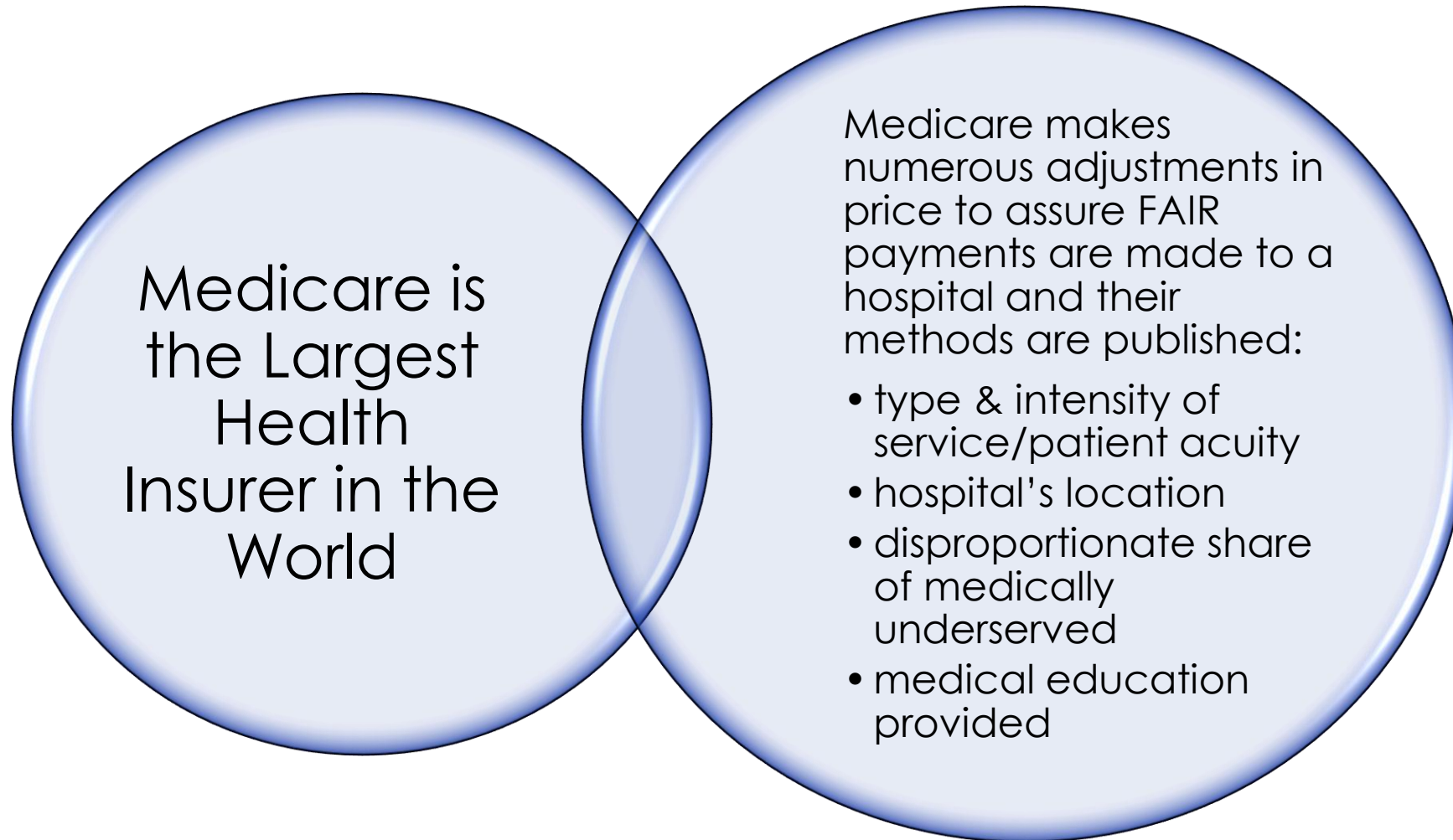
Aim:

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

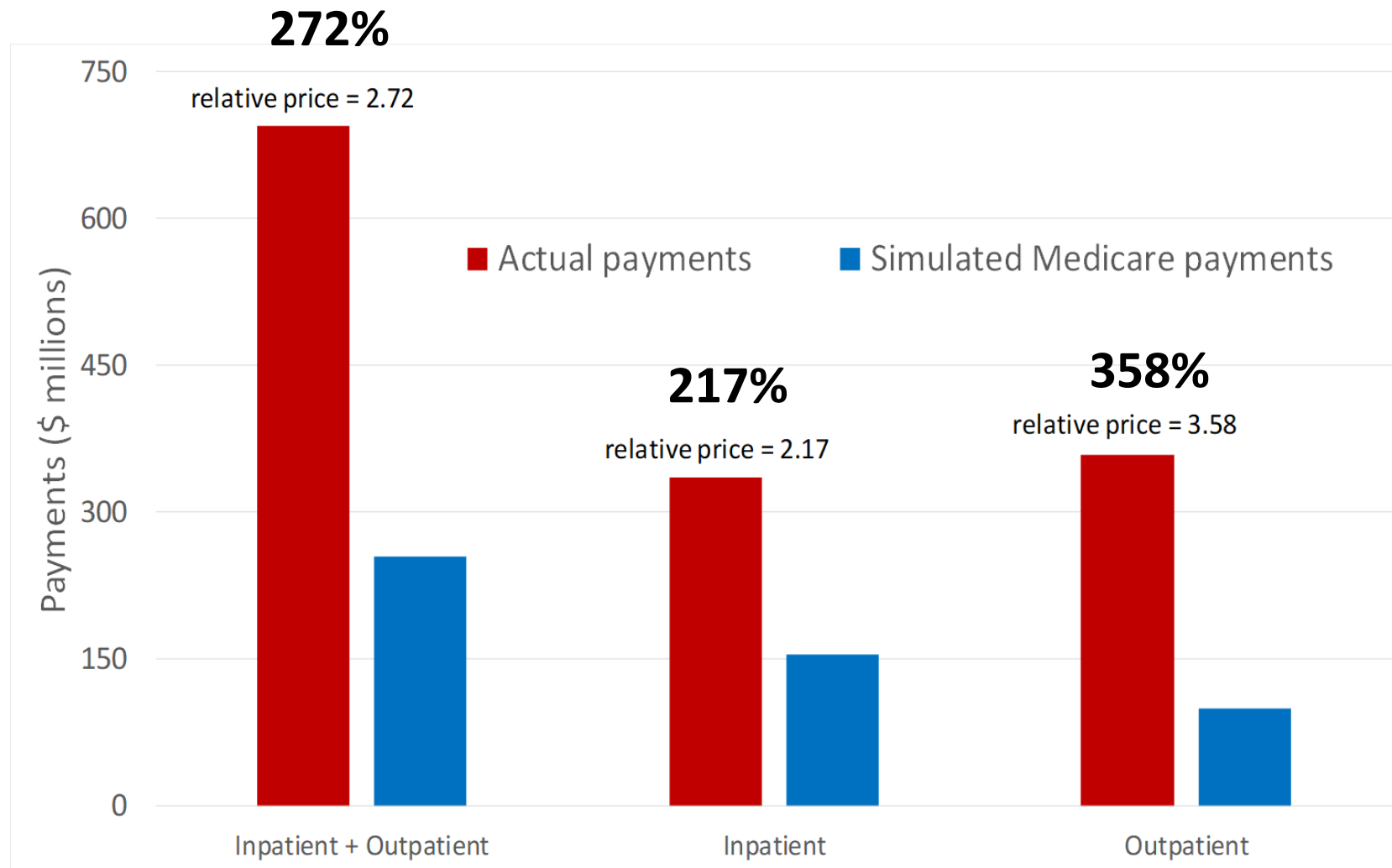


The Rationale for Using Medicare to Level Set All Commercial Hospital Payments



RAND Study 1.0 Study Findings

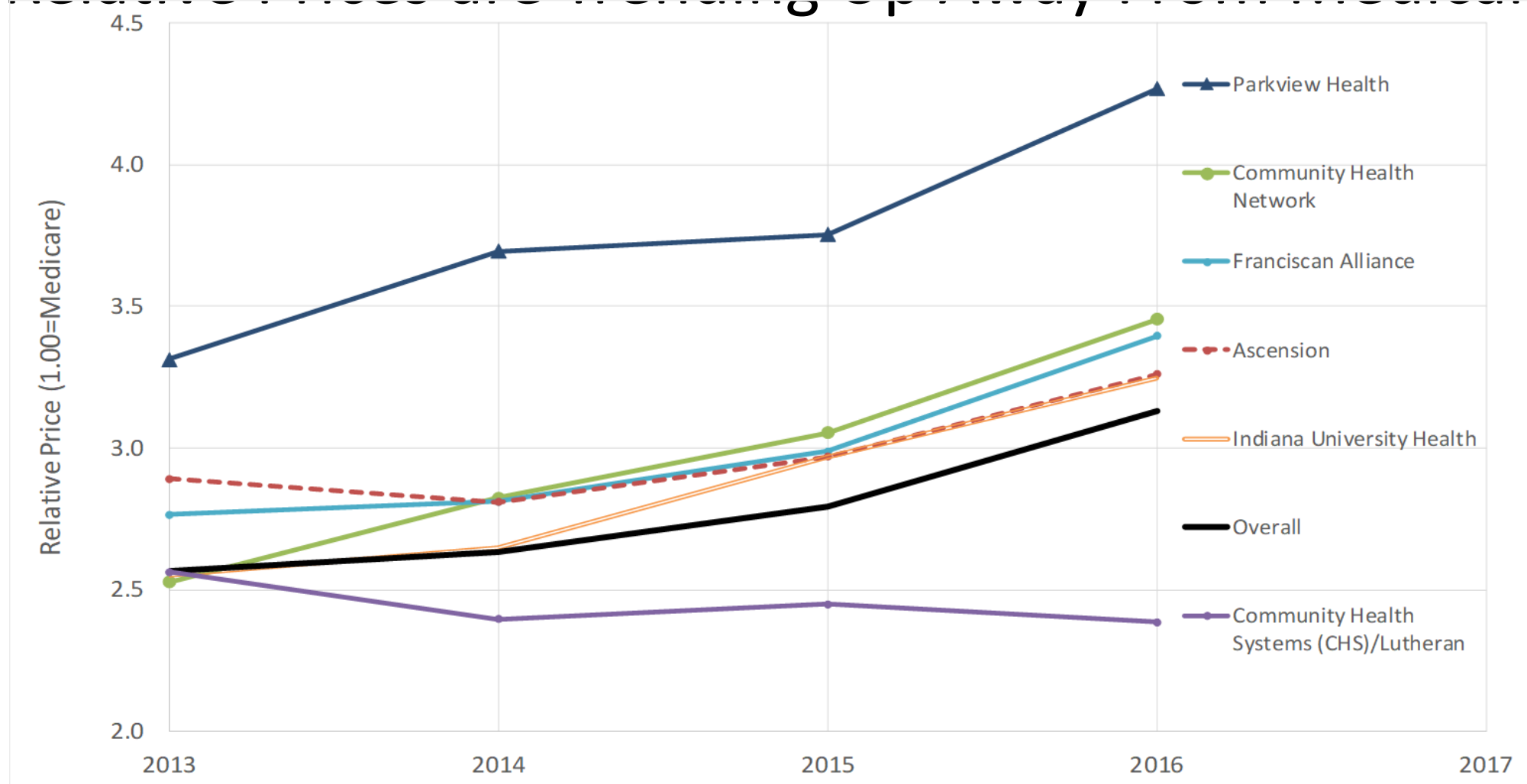
Indiana Commercial Hospital Allowable Prices Paid as a Percent of What Medicare Would Have Paid for the Same Services



Source: White, 2017, Hospital Prices in Indiana.

RAND 1.0 Study Findings

Relative Prices are Trending Up Away From Medicare



Source: White, 2017, Hospital Prices in Indiana.



RAND 2.0 Study Findings

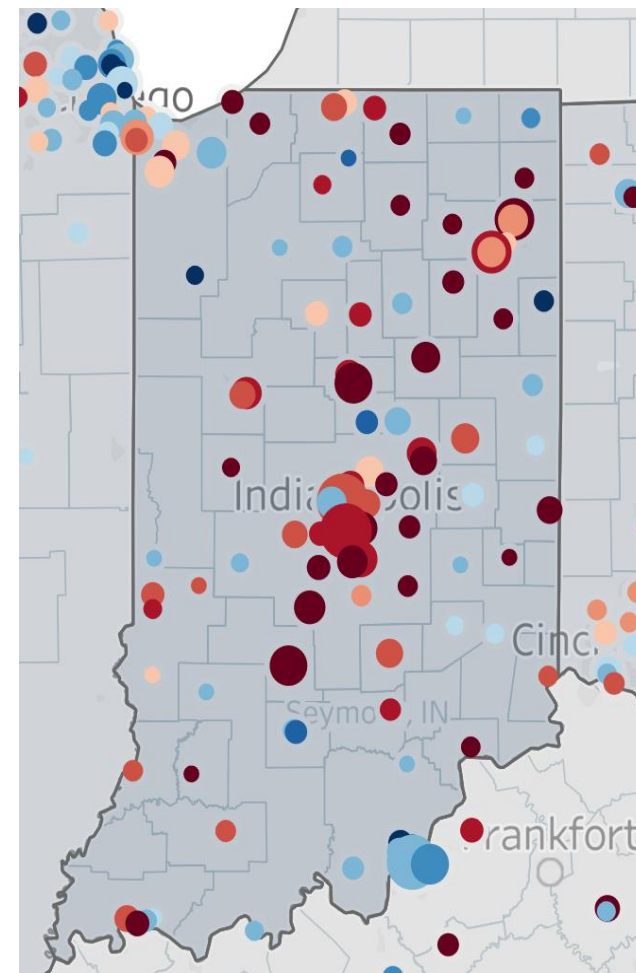
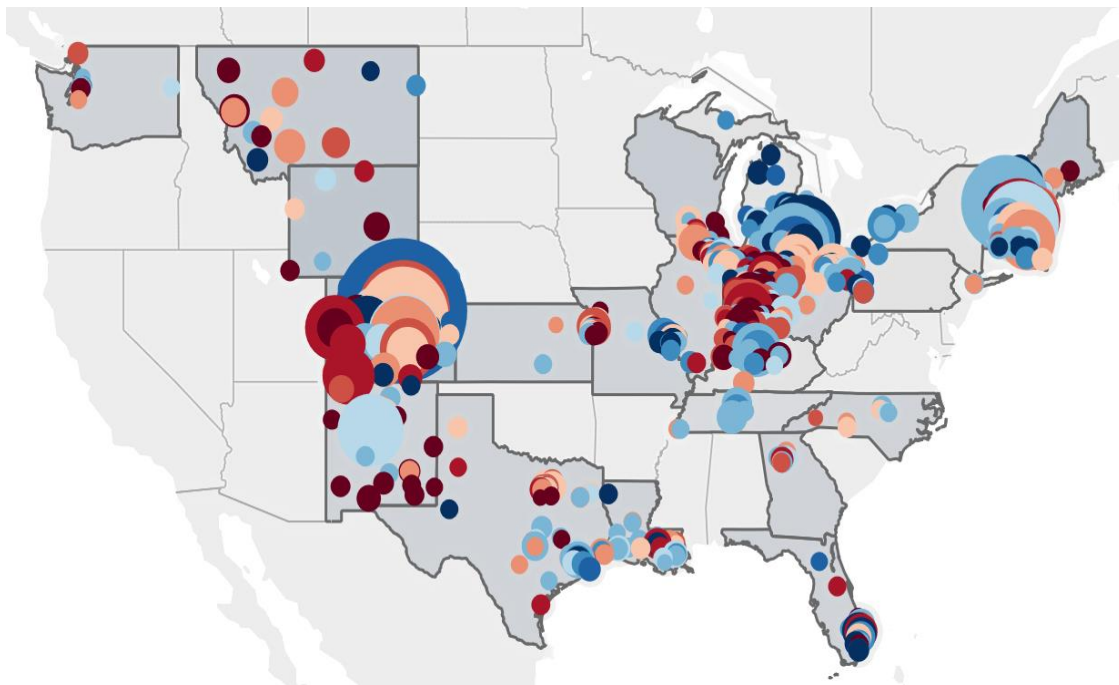
RAND 2.0 National Hospital Price Study of 25 states

Conducted by RAND, commissioned by Employers' Forum of Indiana

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

RAND 2.0 INTERACTIVE MAP OF US HOSPITAL PRICES

employerptp.org



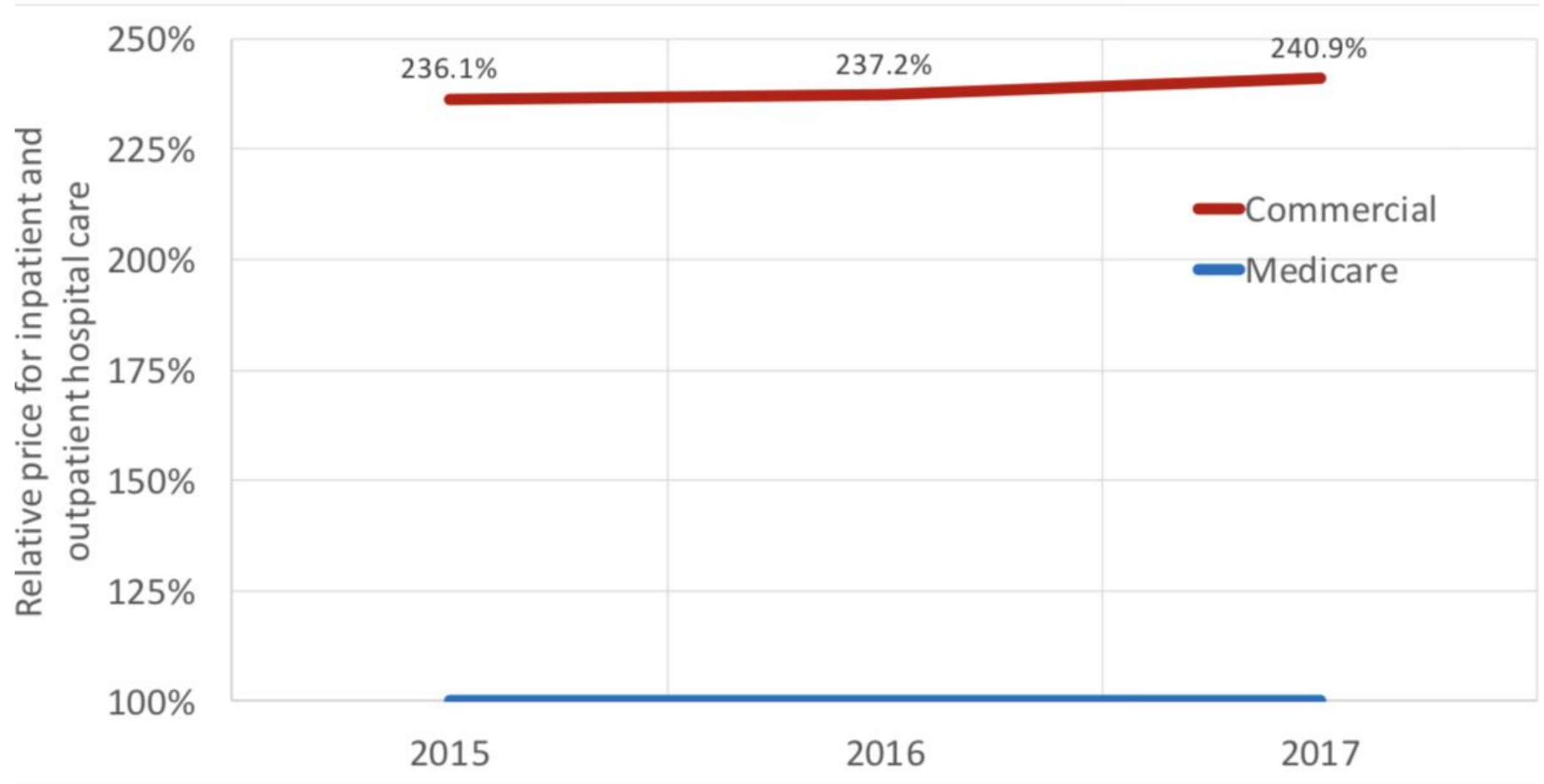
RAND 2.0 SUPPLEMENTAL STUDY DATABASE

Freely Available

| Hospital name | Hospital Compare Star | Number of Outpt. services | Total Private Allowed Outpt. (\$ millions) | Simulated Medicare Outpt. | Relative price for Outpt. Services | Stand. price per Outpt. service | Number of Inpt. stays | Total Private Allowed Inpt. (\$ millions) | Simulated Medicare Inpt. | Relative price for Inpt. services | Stand. price per Inpt. stay | Total Private Inpt. and Outpt. (# millions) | Simulated Inpt. and Outpt. (\$ millions) | Relative price for Inpt. and Outpt. services |
|------------------------------------|-----------------------|---------------------------|--|---------------------------|------------------------------------|---------------------------------|-----------------------|---|--------------------------|-----------------------------------|-----------------------------|---|--|--|
| Parkview Regional Medical Center | 4 | 34863 | 30.1 | 5.8 | 515% | \$353.93 | 2401 | 18.1 | 6.5 | 280% | \$17,359 | 48.2 | 12.3 | 392% |
| Eskenazi Health | 5 | 5494 | 1.0 | .3 | 332% | \$249.98 | 375 | 2.1 | 1.3 | 157% | \$14,679 | 3.1 | 1.6 | 189% |
| Indiana University Health (Senate) | 4 | 61214 | 33.5 | 7.0 | 475% | \$359.29 | 4431 | 52.8 | 21.1 | 249% | \$24,954 | 86.2 | 28.2 | 306% |

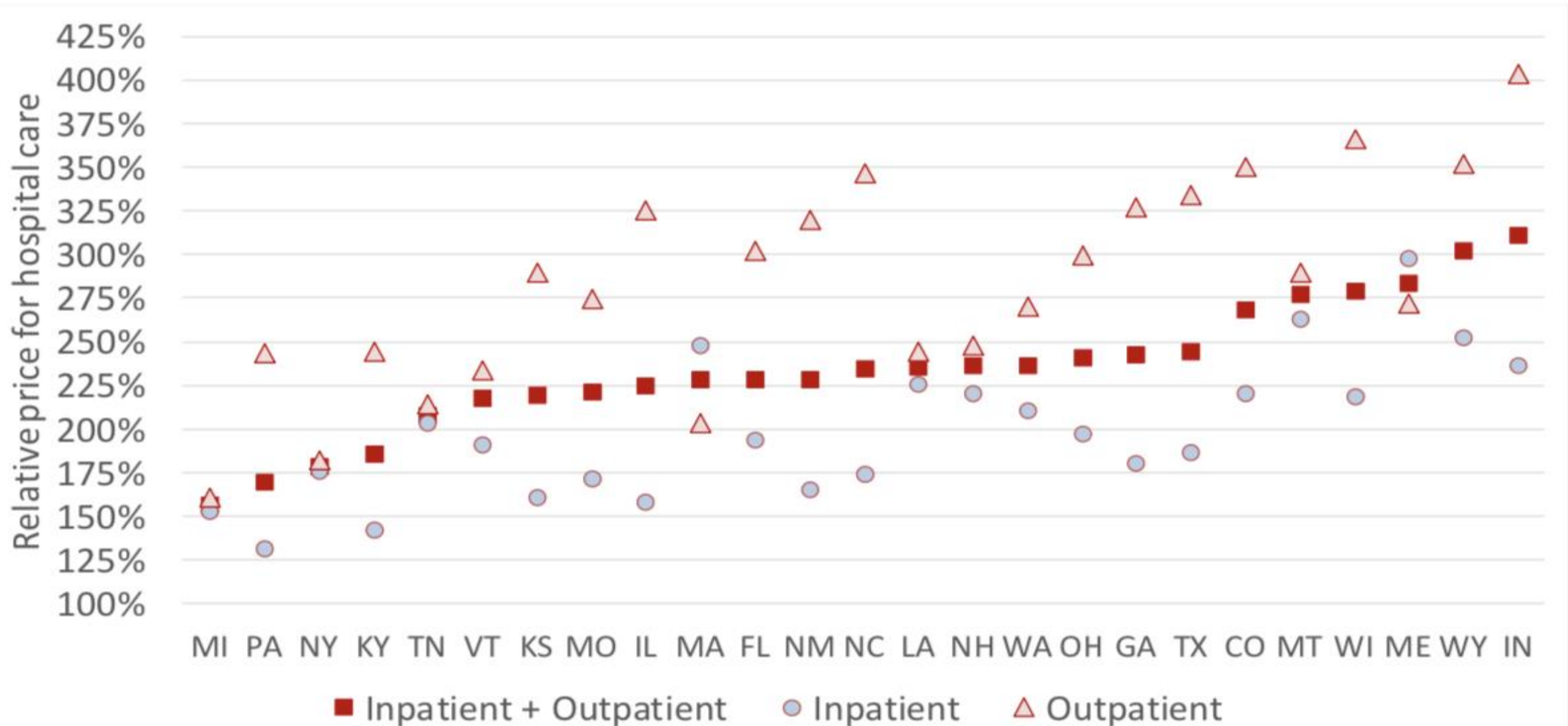
Source: Derived from Supplement, White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative. Line of service information for inpatient and outpatient services in tables 4 and 5. CMS Star ratings updated using the February 2019 file as the RAND study uses the October 2018 star ratings file.

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



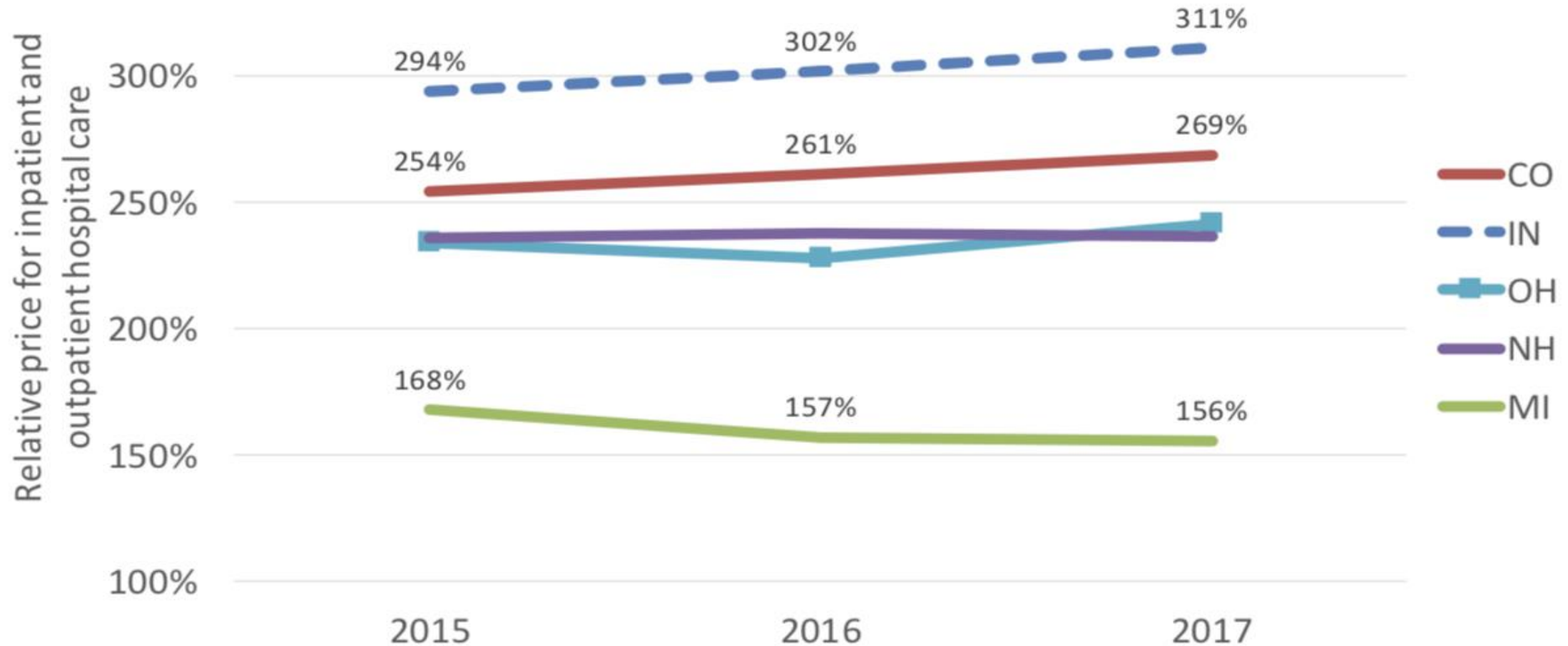
Across 25 States: Average Relative Hospital Prices, 2017

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

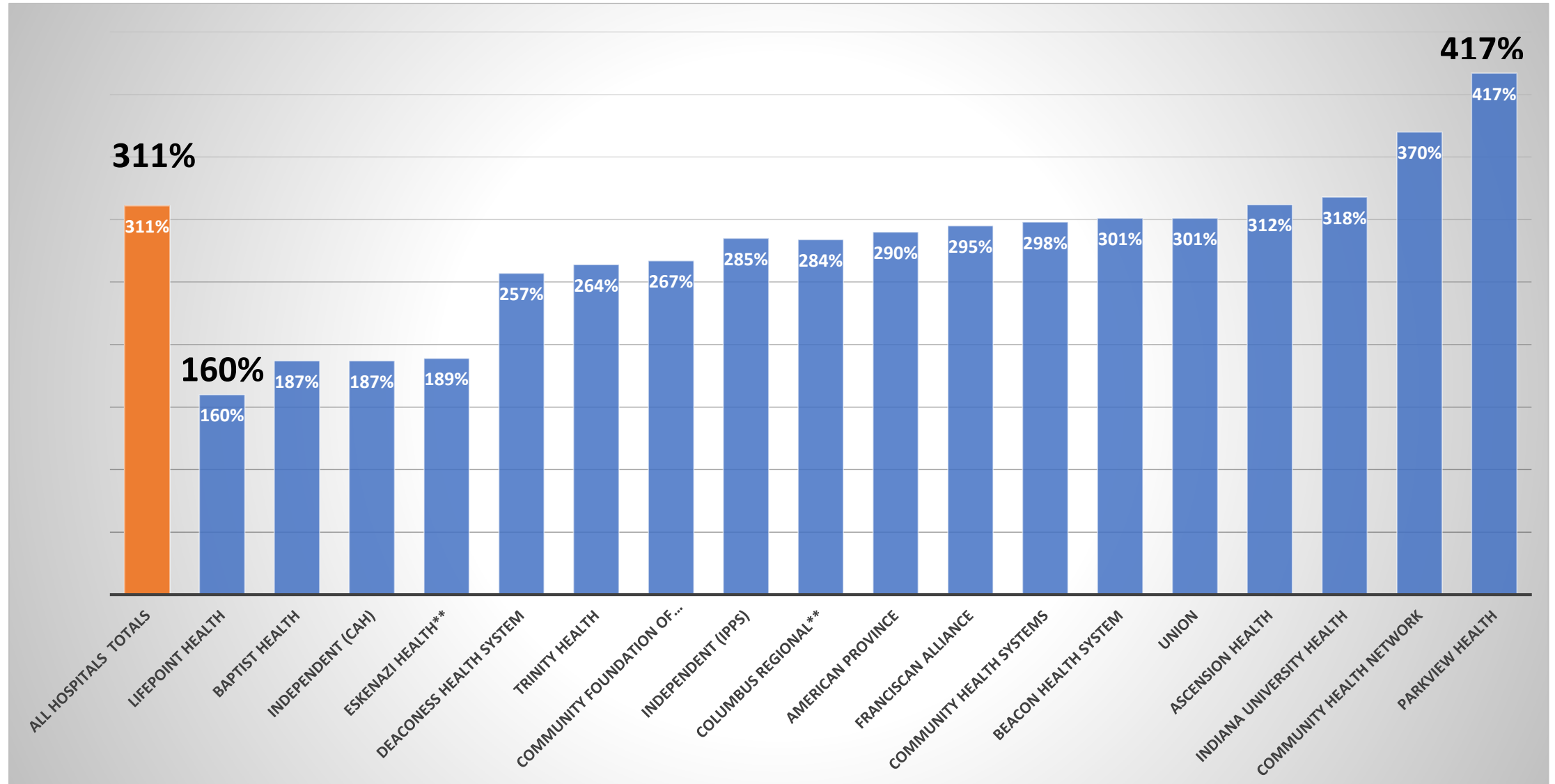


Source: White, 2019, Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely-Findings from an Employer-Led Transparency Initiative

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



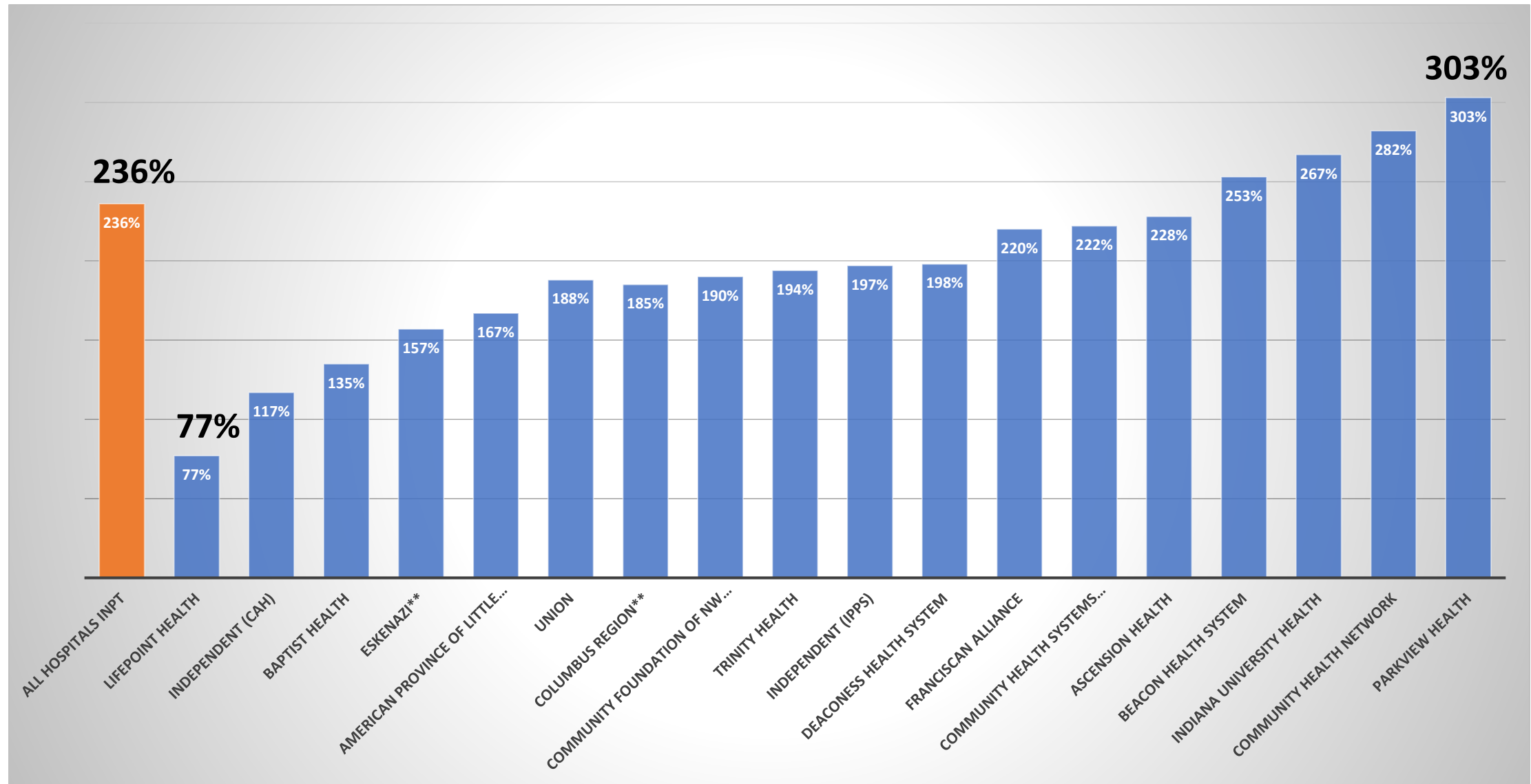
Indiana: TOTAL Hospital Commercial Prices Relative to Medicare, 2017 (inpatient plus outpatient)



** 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

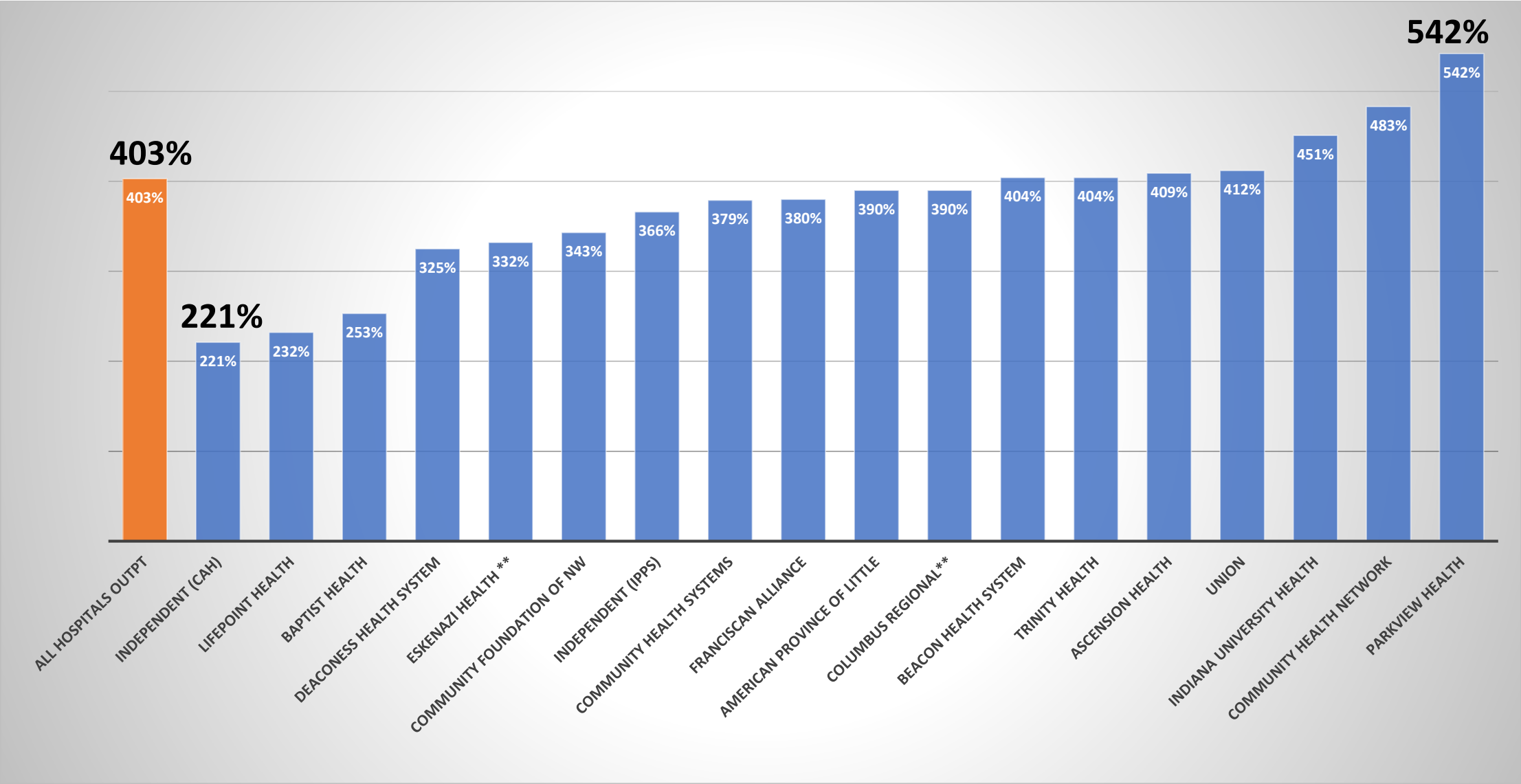
Indiana: INPATIENT Commercial Prices Relative to Medicare, 2017



** 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

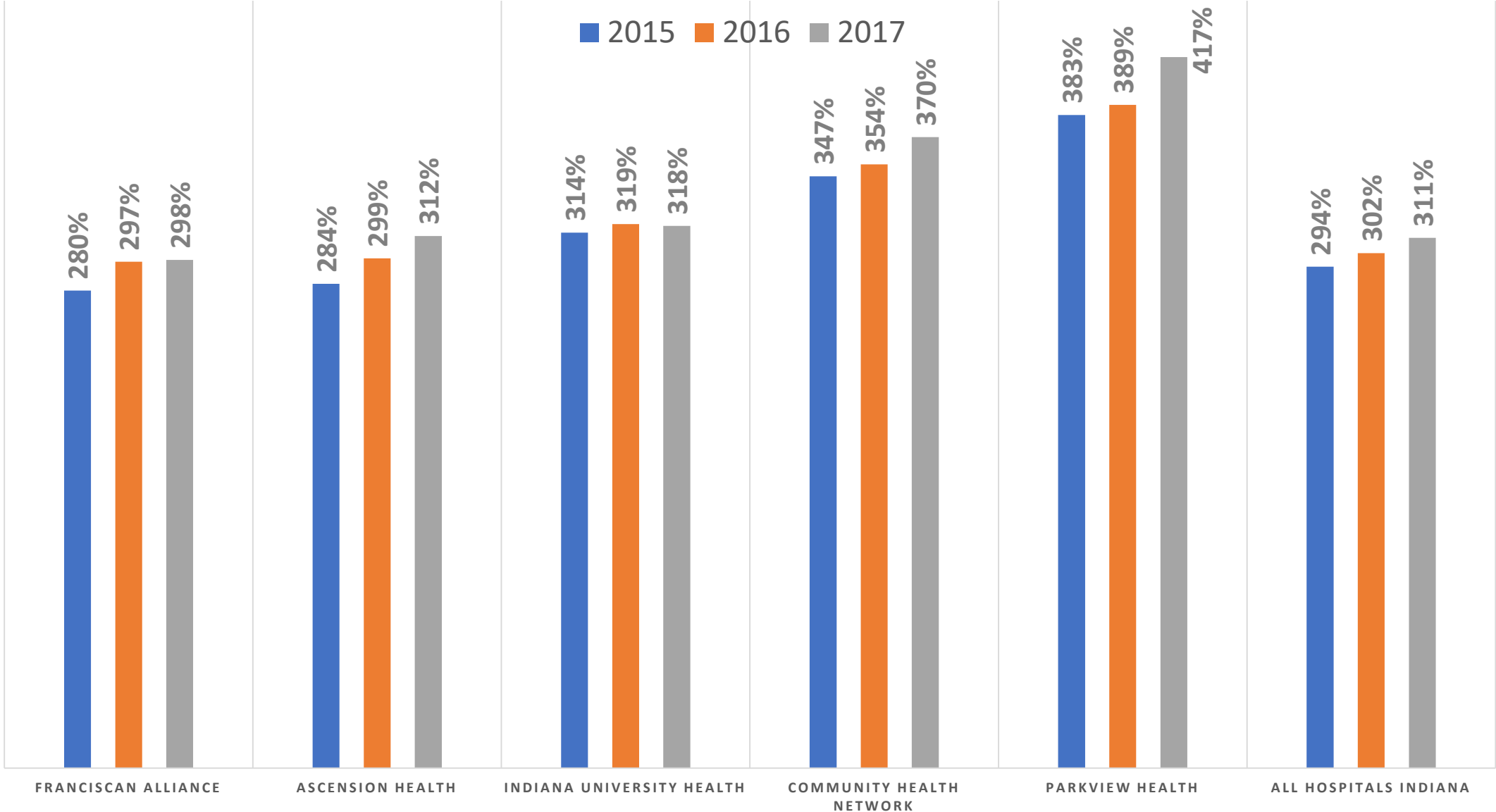


** RAND 2.0 Study period (2015-2017) averages as study does not provide 2017 relative prices for these two hospitals only

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

INDIANA HEALTH SYSTEMS

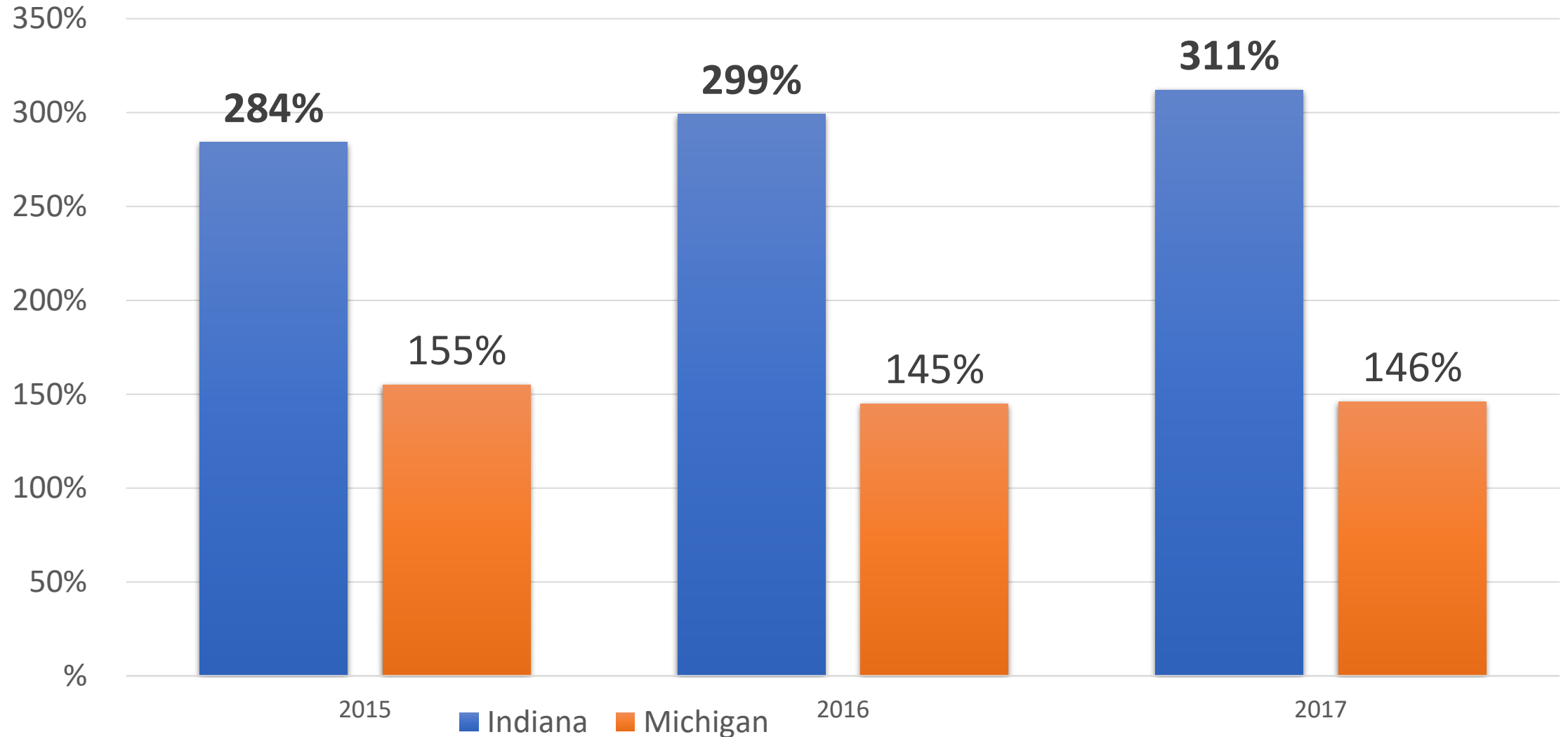
TREND OF TOTAL COMMERCIAL PRICES RELATIVE TO MEDICARE



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

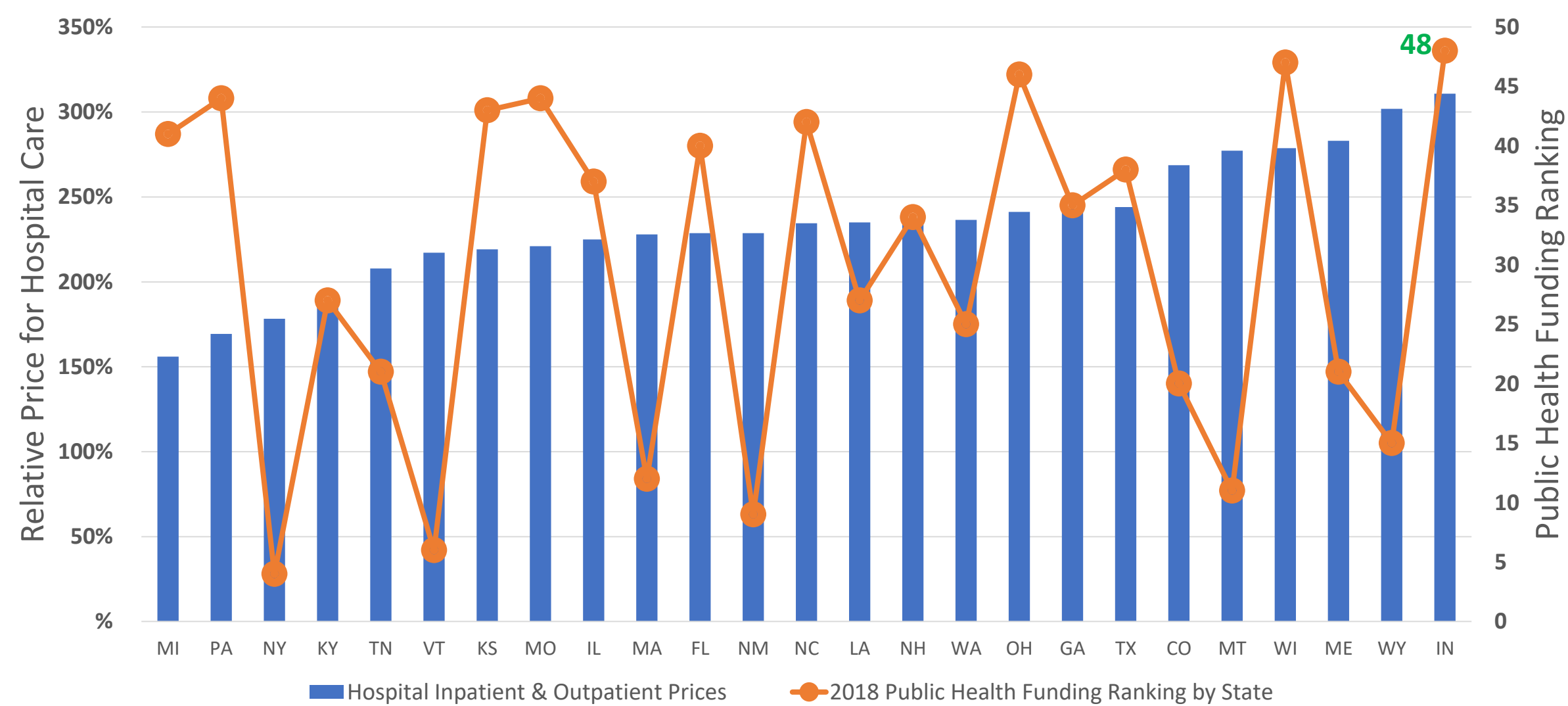


Debunking Rumors



The Reason Indiana Hospital Prices are High is because Public Health is Underfunded: **NO Correlation**

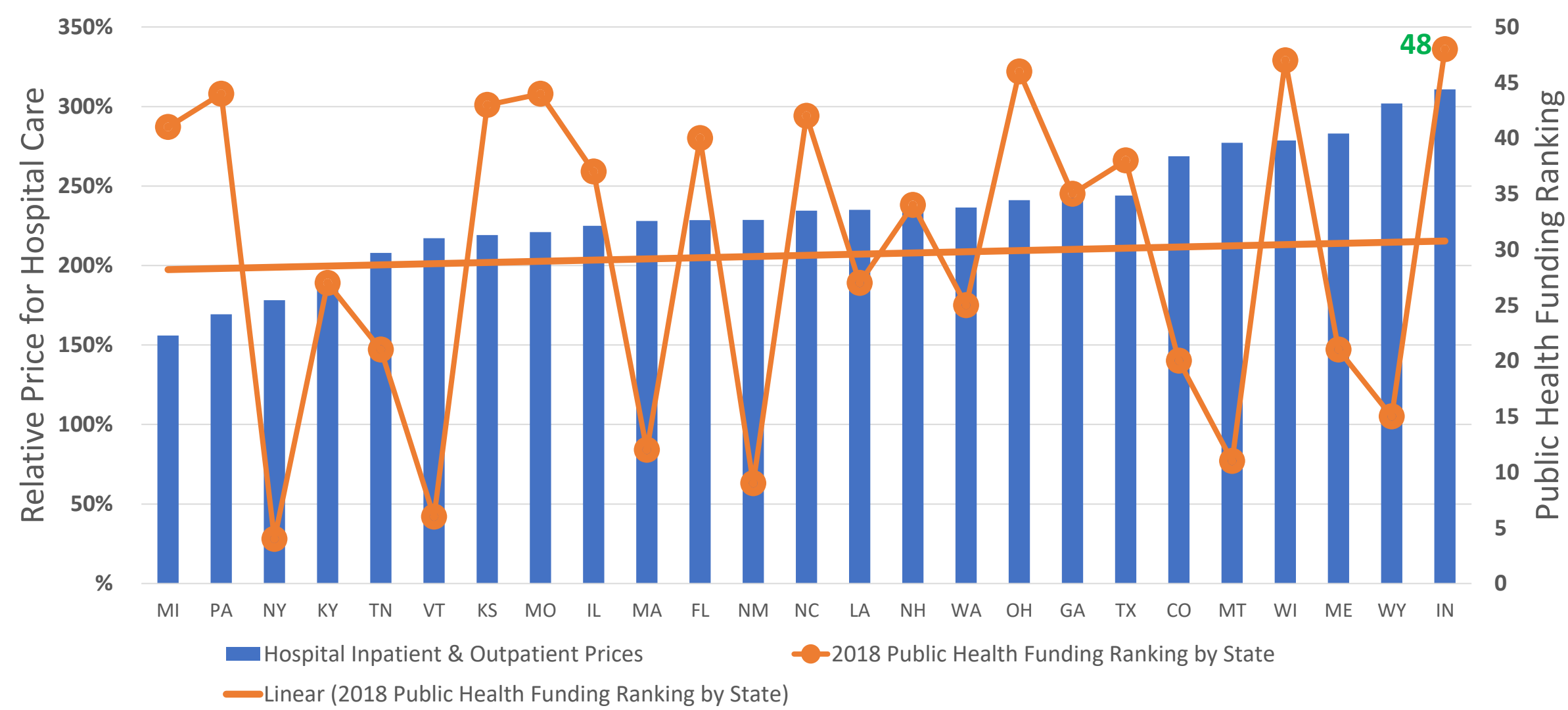
Total Hospital Commercial Prices & Overall Public Health Funding Ranking



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

The Reason Indiana Hospital Prices are High is because Public Health is Underfunded: **NO Correlation**

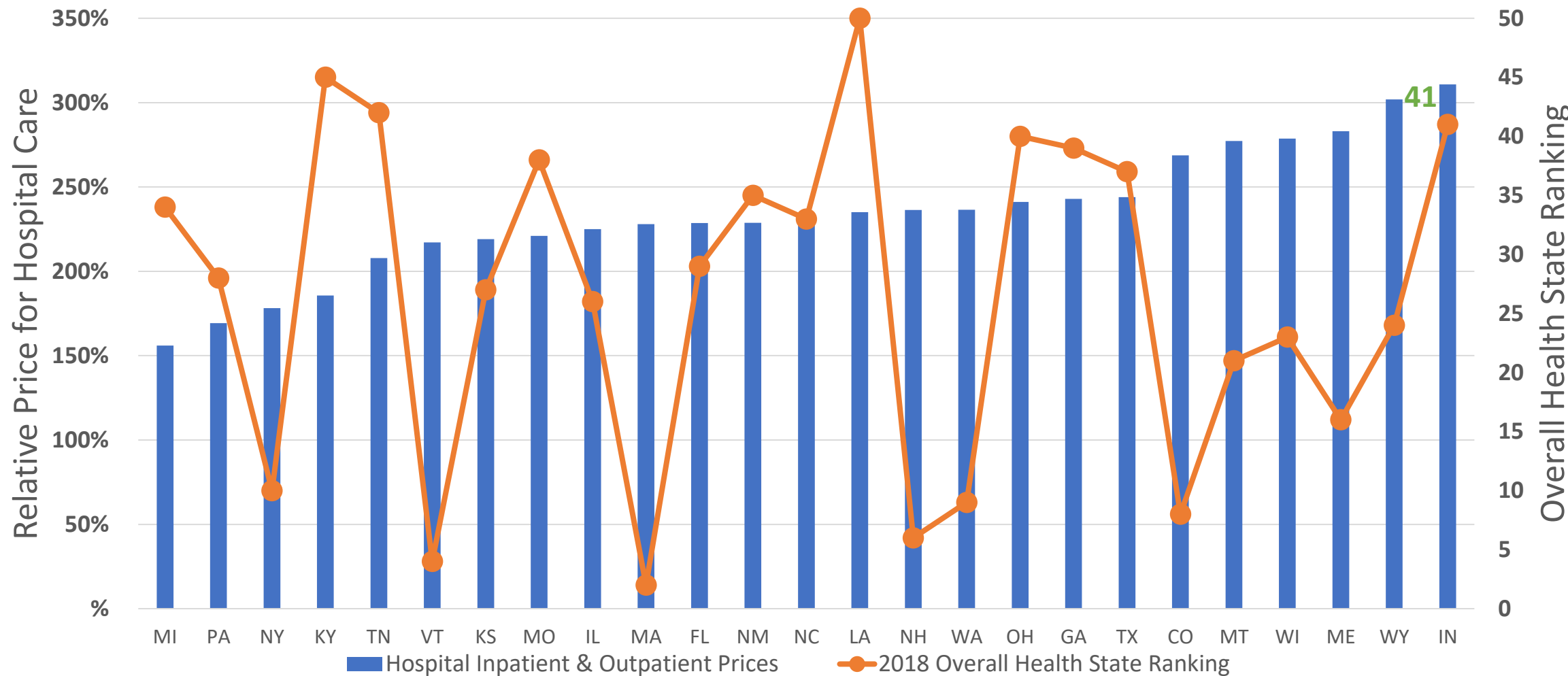
Total Hospital Commercial Prices & Overall Public Health Funding Ranking



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

The Reason Indiana Hospital Prices are High is because Overall State Health Ranking is Low: **NO Correlation**

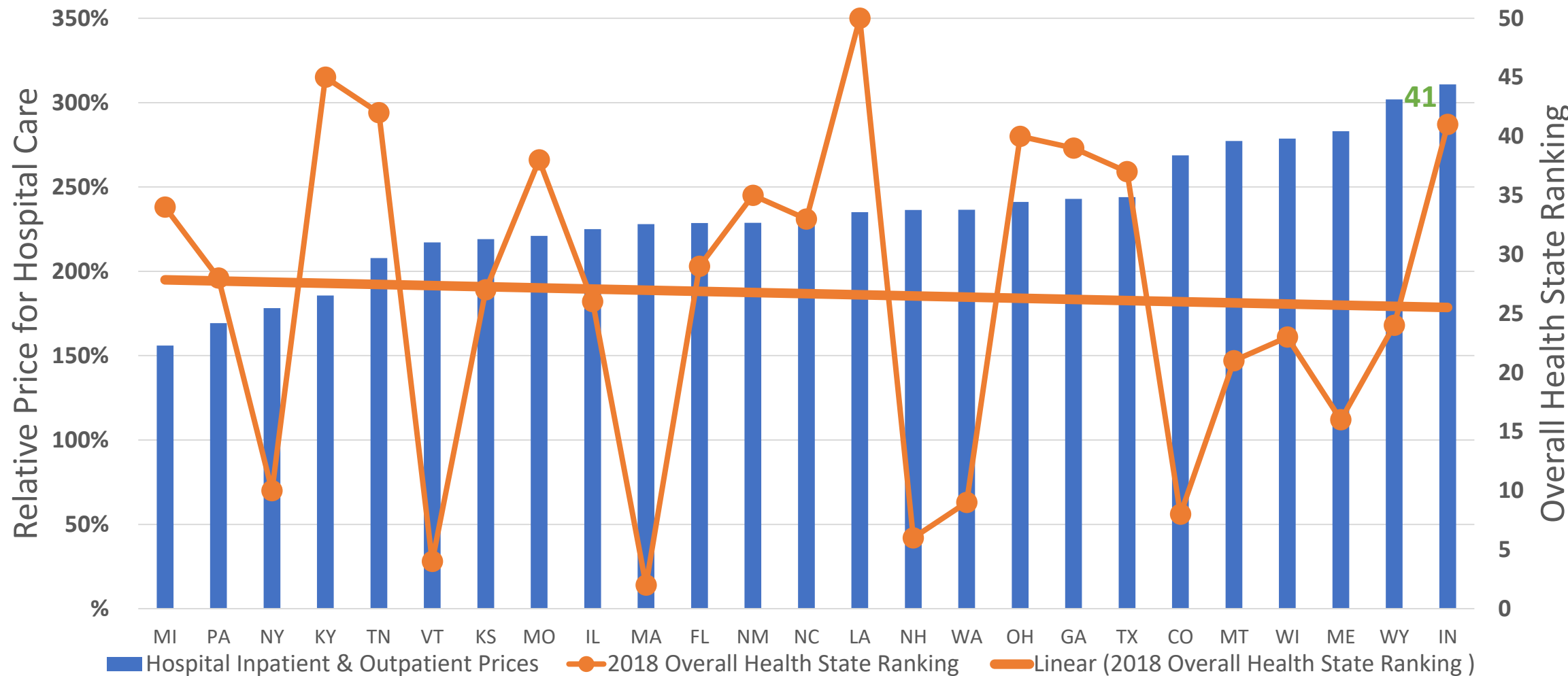
Total Hospital Commercial Prices & Overall Public Health Funding Ranking



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

The Reason Indiana Hospital Prices are High is because Overall State Health Ranking is Low: **NO Correlation**

Total Hospital Commercial Prices & Overall Public Health Funding 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

Where Do We Go From Here?



Goal for Employers is to pay for High Value

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

where Cost = **Price** X Utilization



A Few Considerations for Fort Wayne Market

| Hospital Name | Relative Price 2015-2017 | | | | Relative Price 2017 | | | Quality | |
|---------------------------|--------------------------|----------|-----------|--|---------------------|----------|-----------|---|---------------------------------|
| | Total (%) | Inpt (%) | Outpt (%) | Health-System Rank (1 is highest priced & 70 is lowest priced) | Total (%) | Inpt (%) | Outpt (%) | CMS Hospital Compare Star Rating 2017 (1=worst, 5=best) | Others (i.e. Quantros, MPIRICA) |
| Parkview Health | 395 | 296 | 497 | 2 | 417 | 303 | 542 | 4 (Fort Wayne) | |
| Indiana University Health | 316 | 258 | 442 | 8 | 318 | 267 | 451 | 4 (Indy) | |
| Lutheran Hospital | 305 | 211 | 407 | 10 | 298 | 222 | 379 | 2 (Fort Wayne) | |
| Cleveland Clinic | 225 | 172 | 326 | 39 | 231 | 187 | 313 | 5 (Cleveland) | |
| Other | | | | | | | | | |

Price: <https://employerptp.org/>

Quality: <https://www.medicare.gov/hospitalcompare/search.html?#>

QUALITY: CMS Hospital Compare Star Ratings



The screenshot shows the Medicare.gov Hospital Compare website. The browser address bar displays the URL: https://www.medicare.gov/hospitalcompare/About/Hospital-overall-ratings.html. The page header includes navigation links: Medicare.gov | Hospital Compare Home | Close window. The main heading is "Hospital Compare overall hospital rating". Below this, a sidebar on the left contains four menu items: "About Hospital Compare" (highlighted in blue), "What is Hospital Compare?", "What information can I get about hospitals?", and "General information". The main content area under the heading "Hospital Compare overall hospital rating" contains the following text: "Questions about the Hospital Compare overall hospital rating can be submitted to: cmsstarratings@lantanagroup.com." followed by a sub-heading "What is the Hospital Compare overall hospital rating?" and a paragraph: "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." and another paragraph: "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."

← → ↻ <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.

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.](#)



CMS HOSPITAL QUALITY MEASURES

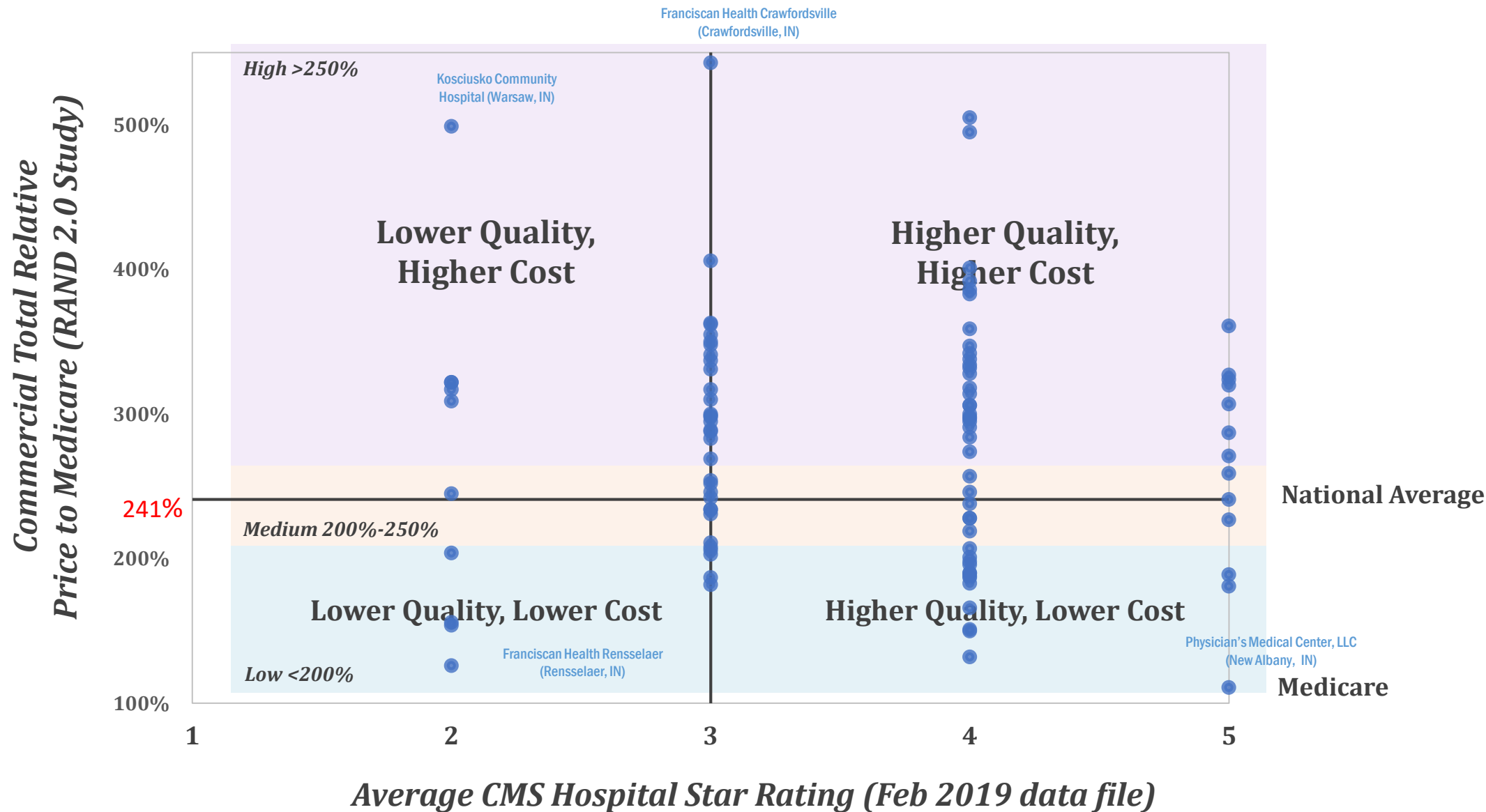
The Hospital Compare overall rating summarizes 59 quality measures and rolls this up into 7 domains, which get further rolled up into a single Star quality rating for each hospital. The Star ratings are 1-5 (1=worst, 5- best). It is best to expand the Star rating and look at the quality measures in more detail. The 7 domains include:

- 1.) Mortality
- 2.) Safety of Care
- 3.) Readmission
- 4.) Patient Experience
- 5.) Effectiveness of Care
- 6.) Timeliness of Care
- 7.) Efficient Use of Medical Imaging

Medicare.gov. Hospital Compare- <https://www.medicare.gov/hospitalcompare/Data/Measure-groups.html>



Indiana Results – Price & Quality, 99 Hospitals in Indiana



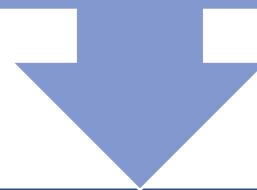
Case Example: Colorado Business Group on Health

Forming a Purchasing Group and marrying Quantros solution for quality reliability determination and the RAND price study to develop Hospital VALUE REPORTS.



Quality varies nearly as much WITHIN hospitals as it does across hospitals.

Of the 36 quality measured by Quantros by percentile, 50 Colorado hospitals offer a service in the top 25% of hospitals in the country, BUT 32 of these same hospitals also offer a service in the bottom 25% of all hospitals in the country.














No reliable quality and price relationship, so we must determine it.



Example: Northeast IN Hospital-Level Information

Quantros Quality Reliability Performance for Joint Replacement

| Score | Hospital | City | State | CCN |
|-------|---|--------------|-------|--|
| 99.7 | Orthopaedic Hospital at Parkview North | Fort Wayne | IN |  150167 |
| 98.4 | The Orthopaedic Hospital of Lutheran Health | Ft Wayne | IN |  150168 |
| 80.9 | Dupont Hospital, LLC | Fort Wayne | IN |  150150 |
| 73.2 | Adams Memorial Hospital | Decatur | IN |  151330 |
| 53.9 | Parkview Huntington Hospital | Huntington | IN |  150091 |
| 40.3 | Parkview Regional Medical Center | Fort Wayne | IN |  150021 |
| 39.7 | Lutheran Hospital of Indiana | Fort Wayne | IN |  150017 |
| 20.2 | Dekalb Memorial Hospital, Inc | Auburn | IN |  150045 |
| 11.9 | Parkview Noble Hospital | Kendallville | IN |  150146 |
| 7.0 | Bluffton Regional Medical Center | Bluffton | IN |  150075 |
| | | | | |
| 50.1 | Cleveland Clinic | Cleveland | OH |  360180 |

Example: Central IN Physician-Level Information

Quantros Quality Reliability Performance for Joint Replacement

| Score | Physician Name | Hospital Name |
|-------|----------------------------|--|
| 99.8 | MEDING, JOHN B | Franciscan Health Mooresville |
| 99.7 | MENEGHINI, ROBERT | Indiana University Health |
| 99.7 | BEREND, MICHAEL | Franciscan Health Mooresville |
| 99.5 | PIERSON, JEFFERY | Franciscan Health Carmel |
| 99.4 | MALINZAK, ROBERT | Franciscan Health Mooresville |
| 99.3 | LACKEY, WESLEY GRAYSON | Franciscan Health Mooresville |
| 99.1 | HUR, JOHN | Indiana University Health North Hospital |
| 99.0 | MAAR, DEAN C | St Vincent Hospital & Health Services |
| 99.0 | PRATHER, BRAD A | Hendricks Regional Health |
| 98.9 | FISHER, DAVID A | Orthoindy Hospital |
| 98.8 | CARTER, JOSHUA LEE | Franciscan Health Mooresville |
| 98.7 | KEYES, BRIAN J | IU Health West Hospital |
| 98.6 | WILLIAMS, TIMOTHY J | Franciscan Health Mooresville |
| 98.3 | WAITS, CHAD A | Hendricks Regional Health |
| 98.1 | POMEROY, CHRISTOPHER LLOYD | Orthoindy Hospital |
| 97.3 | SURTANI, NIRMAL K | St Vincent Anderson Regional Hospital, Inc |
| 97.2 | MONESMITH, ERIC A | Orthoindy Hospital |
| 97.2 | RITTER, KYLE P | Hendricks Regional Health |
| 96.4 | KAY, PATRICK JAMIESON | St Vincent Anderson Regional Hospital, Inc |
| 96.2 | GASKI, GREG E | Indiana University Health |
| 96.0 | MINDREBO, NORMAN | Riverview Health |
| 95.8 | CONDUCT, KEVIN | Indiana University Health North Hospital |
| 95.7 | MISAMORE, GARY W | Indiana University Health North Hospital |
| 95.7 | KOLISEK, FRANK R | Orthoindy Hospital |

| Score | Physician Name | Hospital Name |
|-------|----------------------------|---------------------------------------|
| 17.6 | WURTZ, L DANIEL | Indiana University Health |
| 16.4 | GARRINGER, SEAN MARTIN | Major Hospital |
| 16.2 | WARTH, LUCIAN CRAIG | Indiana University Health |
| 16.1 | MARTIN, KURT R | Franciscan Health Indianapolis |
| 15.4 | JACOBSEN, STEPHEN PETER | Riverview Health |
| 15.1 | STRONG, CLAYTON EDWARD | Hancock Regional Hospital |
| 14.9 | KAEHR, DAVID M | St Vincent Hospital & Health Services |
| 13.8 | JERMAN, JOSEPH G. | Community Hospital of Anderson and Ma |
| 13.6 | GRAYBILL, DAVID W. | Community Hospital of Anderson and Ma |
| 12.7 | DOXEY, CLEM MELTON | Community Hospital North |
| 11.4 | JAGGERS, RYAN ROBERT | Community Hospital South |
| 11.1 | HOGG, PETER | Franciscan Health Indianapolis |
| 10.7 | DOXEY, CLEM MELTON | Hancock Regional Hospital |
| 10.6 | NATOLI, ROMAN M | Indiana University Health |
| 9.4 | PECK, KATHRYN MARY | St Vincent Hospital & Health Services |
| 8.9 | VIRKUS, WALTER W | Indiana University Health |
| 8.8 | POMEROY, CHRISTOPHER LLOYD | St Vincent Hospital & Health Services |
| 8.7 | KAY, PATRICK JAMIESON | Community Hospital of Anderson and Ma |
| 8.7 | KAY, PATRICK JAMIESON | St Vincent Fishers Hospital, Inc |
| 8.4 | FRIEDLANDER, JAMES K | Johnson Memorial Hospital |
| 7.1 | PARR, JOSEPH ANDREW | Indiana University Health |
| 6.9 | EGWU, VICTOR N | Community Hospital East |
| 5.9 | SIEBER, JON MARK | Community Hospital North |
| 5.4 | SURTANI, NIRMAL K | Community Hospital of Anderson and Ma |

Healthcare Cost Trend is Not Sustainable for Employers and Employees

Employers

- Limits employee salary wage raises
- Limits hiring the best talent (as need competitive wages and benefits)
- Decreases financial reserves (which results in more lay-offs in business slump)
- Decrease funds available to invest in business expansion
- Limits health care services offered to retirees
- Limits funds available for community support

Employees

- Increases premium contributions to purchase health care coverage
- Increases out-of-pocket contributions via co-pays and co-insurance
- Increases mental stress as high health care costs limit household funds available for other living expenses

Strategies Available to Drive Value

Benefit Design Levers

- Narrow/Tiered networks
- Reference based benefits
- Identifying Centers of Excellence using Bundled Payments for Episodes of Care
- Direct employer-to-hospital contracting

Policy Levers

- Lower Health Care Cost Act
draft released May 23, 2019, Senator Lamar Alexander (R-Tenn), 9 page summary:
https://www.help.senate.gov/imo/media/doc/LHCC%20Act%20section%20by%20section%205_23_2019.pdf



RAND 3.0 Study

- 16 Indiana employers enrolled so far (plus other national companies with a footprint in Indiana)
- Enrollment is closed, unless you have Anthem or UHC, then it is still open for a couple of more weeks.
- The goal is to have even more states and hospitals participate.
- Final report to be published on RAND website first quarter 2020.





It Is Going to Take All of Us
Doing Our Part to Get to
More Affordable, High
Quality Healthcare

QUESTIONS WELCOME