

NASHP Hospital Cost Tool

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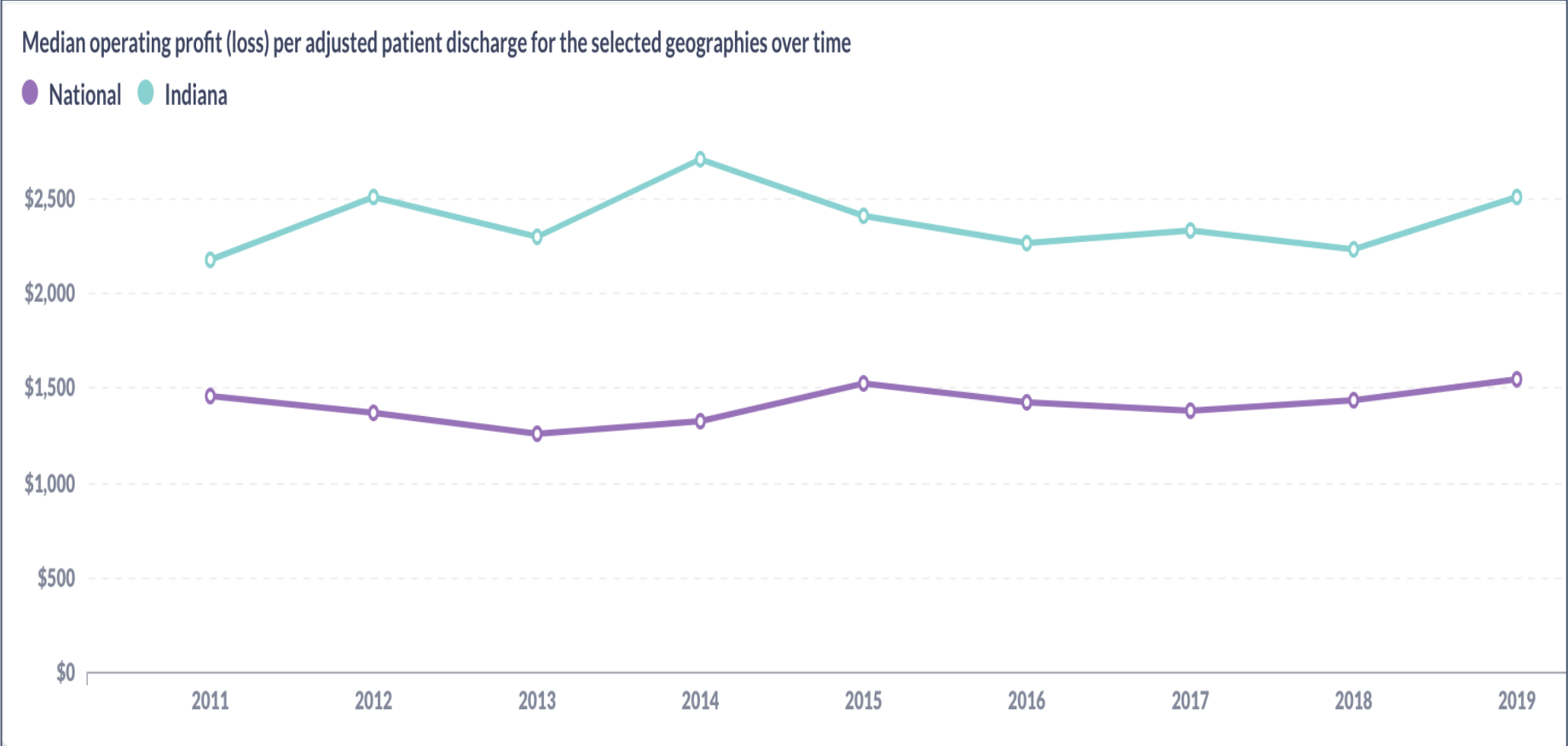


What is NASHP's Hospital Cost Tool?

- **Online tool health purchasers, including state officials, can use to better understand and address hospital costs**
- **Identifies financial data and benchmarks using Medicare Cost Reports**
 - Hospital specific
 - 10 years of data – 4,600 hospitals
 - MCRs provide hospital level data and are the only national, public source of hospital costs
- **Developed by the National Academy for State Health Policy (NASHP) alongside Rice University, with support from Arnold Ventures. Dashboard by Mathematica.**

<https://d3g6lgu1zfs2l4.cloudfront.net/>

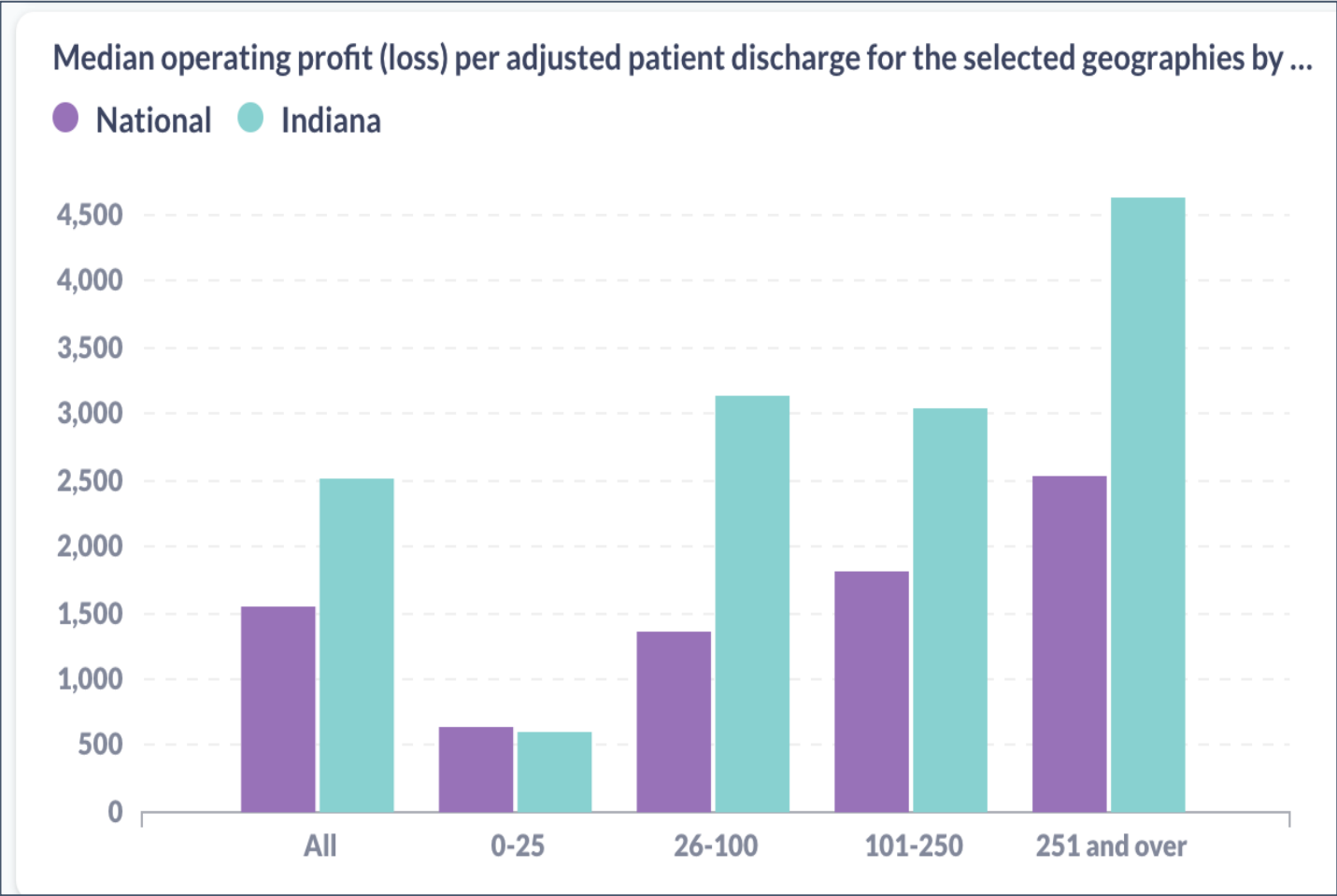
State Level – Operating Profit



Source: NASHP Hospital Cost Tool

- Median Operating Profit per Adjusted Discharge
- 119 Hospitals (2019)
- Acute Care and CAH
- Can compare to other states

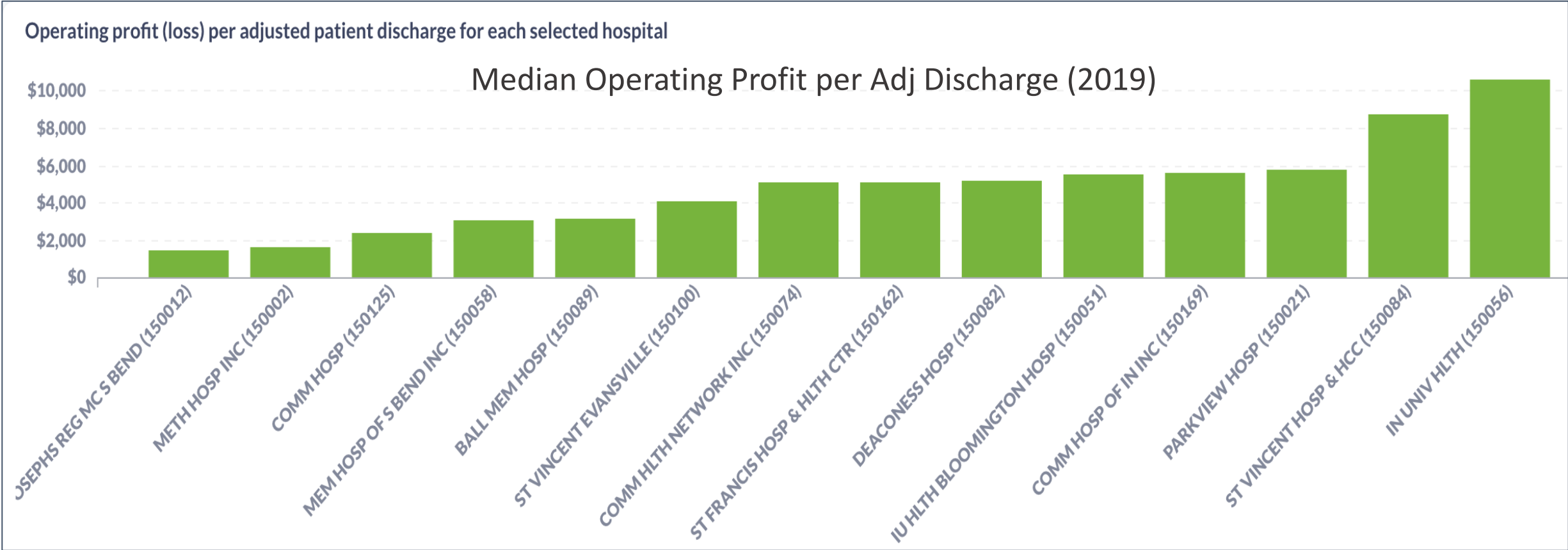
State Level – Comparing by Bed Size



- Median Operating Profit per Adjusted Discharge (2019)
- 0-25 Beds (39)
- 26-100 Beds (33)
- 101-250 Beds (31)
- 251+ Beds (16)

- Can compare to other states

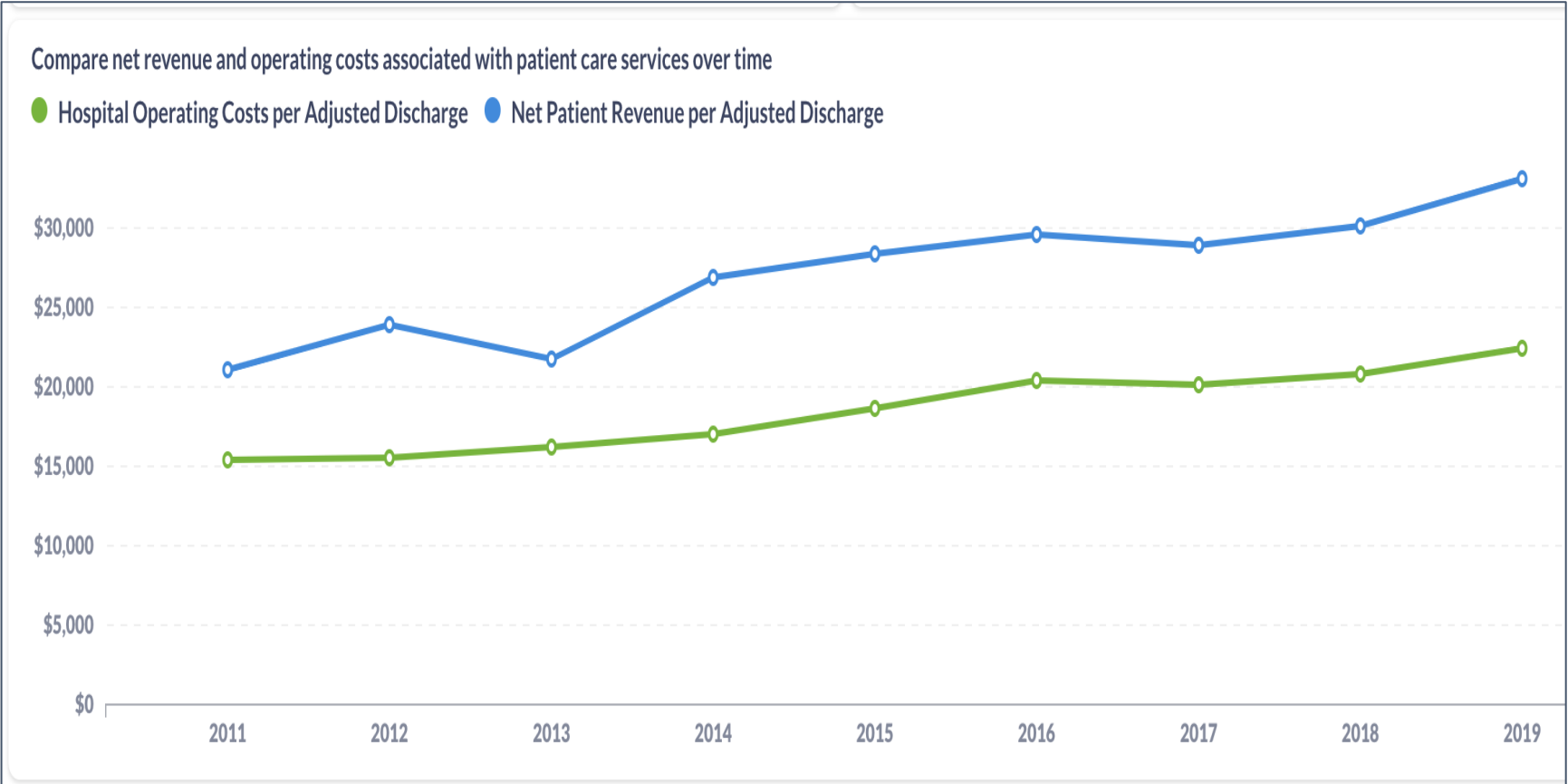
Compare Hospitals – 251+ Beds, NFP Hospitals



Source: NASHP Hospital Cost Tool

- National Median = \$2,500 (610 hospitals)
- Indiana Median = \$5,100 (14 hospitals)

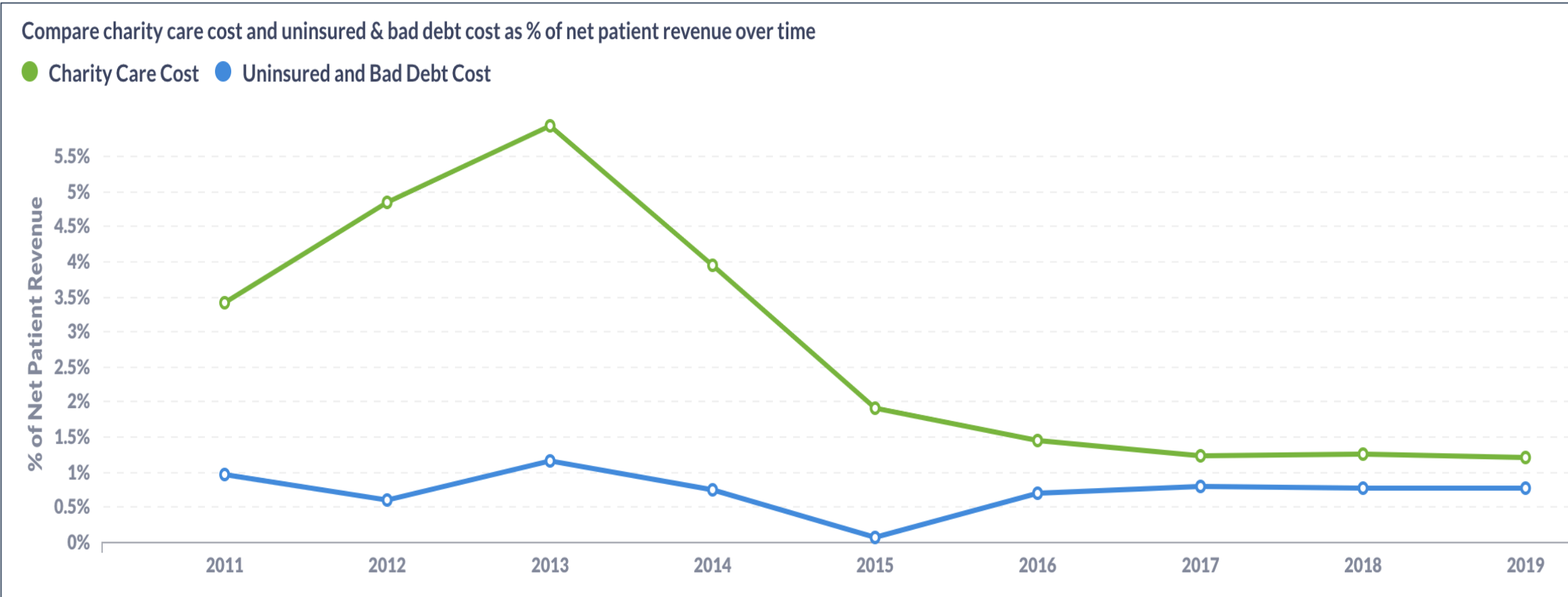
View a Hospital – IU Health Indianapolis



- 2011-2019 Trend
- Adjusted Discharge (Outpatient + Inpatient)
- Net Patient Revenue minus Operating Costs = *Operating Profit*

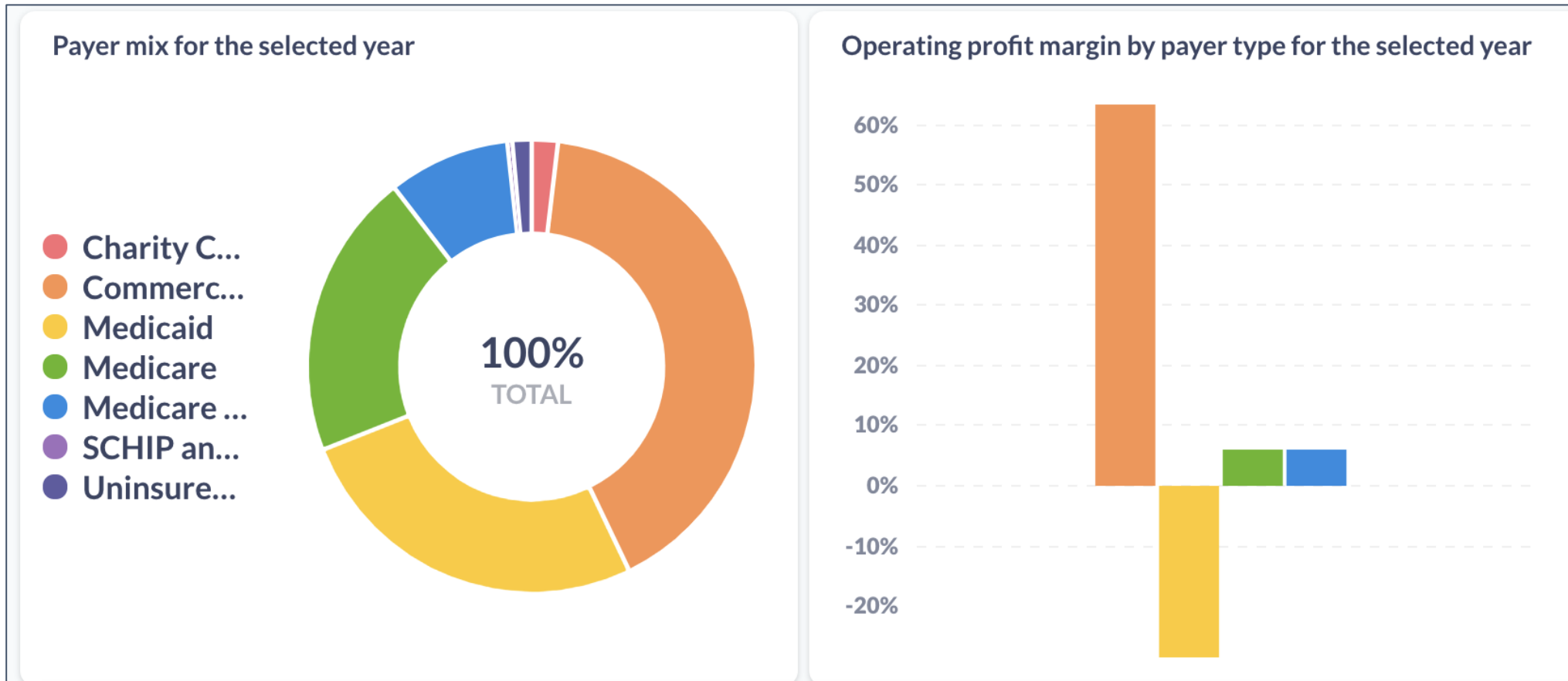
Source: NASHP Hospital Cost Tool

View a Hospital – IU Health Indianapolis



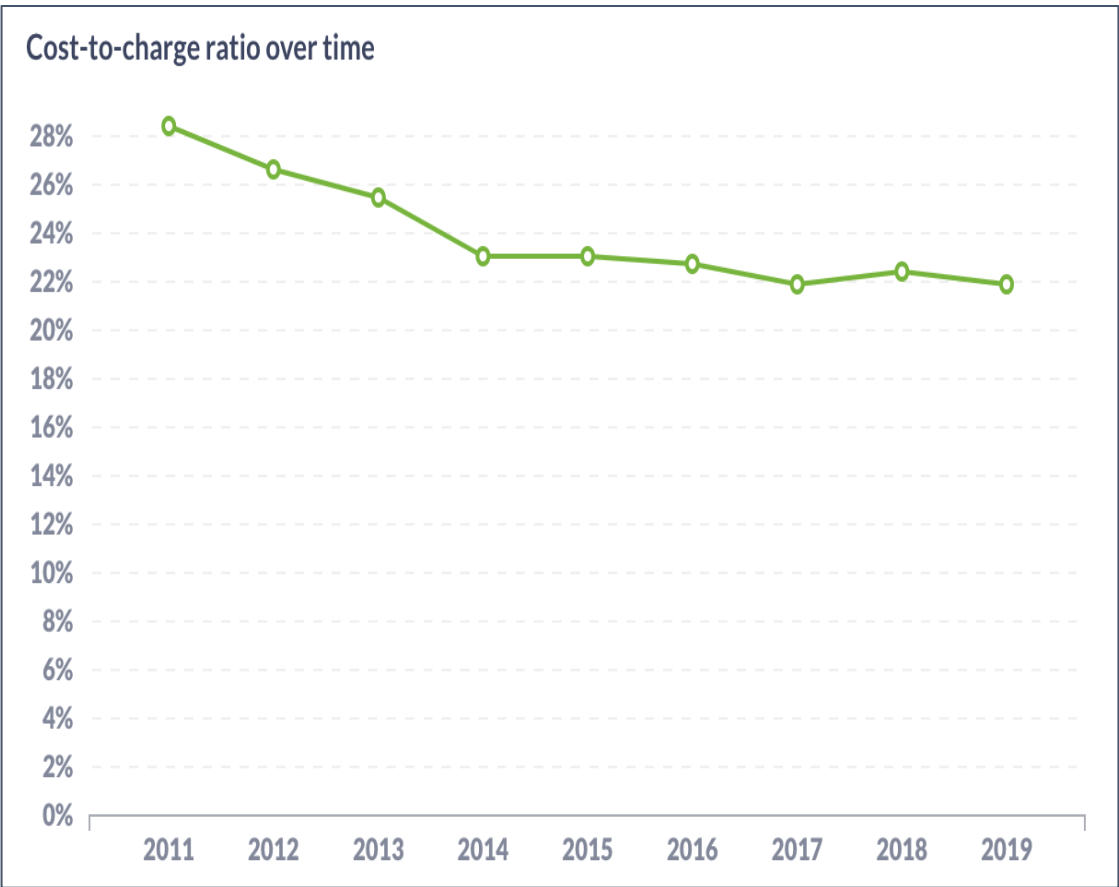
Source: NASHP Hospital Cost Tool

View a Hospital – IU Health Indianapolis (2019)



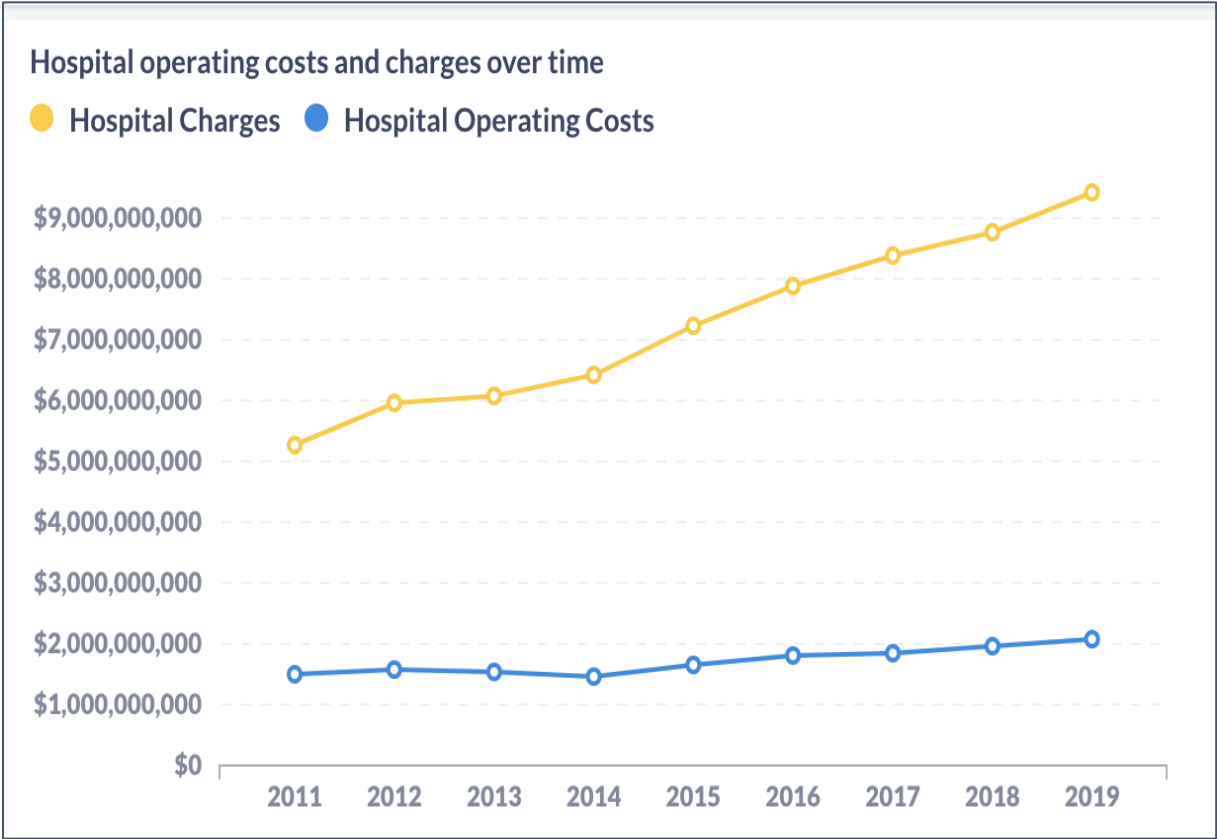
Source: NASHP Hospital Cost Tool

View a Hospital – IU Health Indianapolis



Source: NASHP Hospital Cost Tool

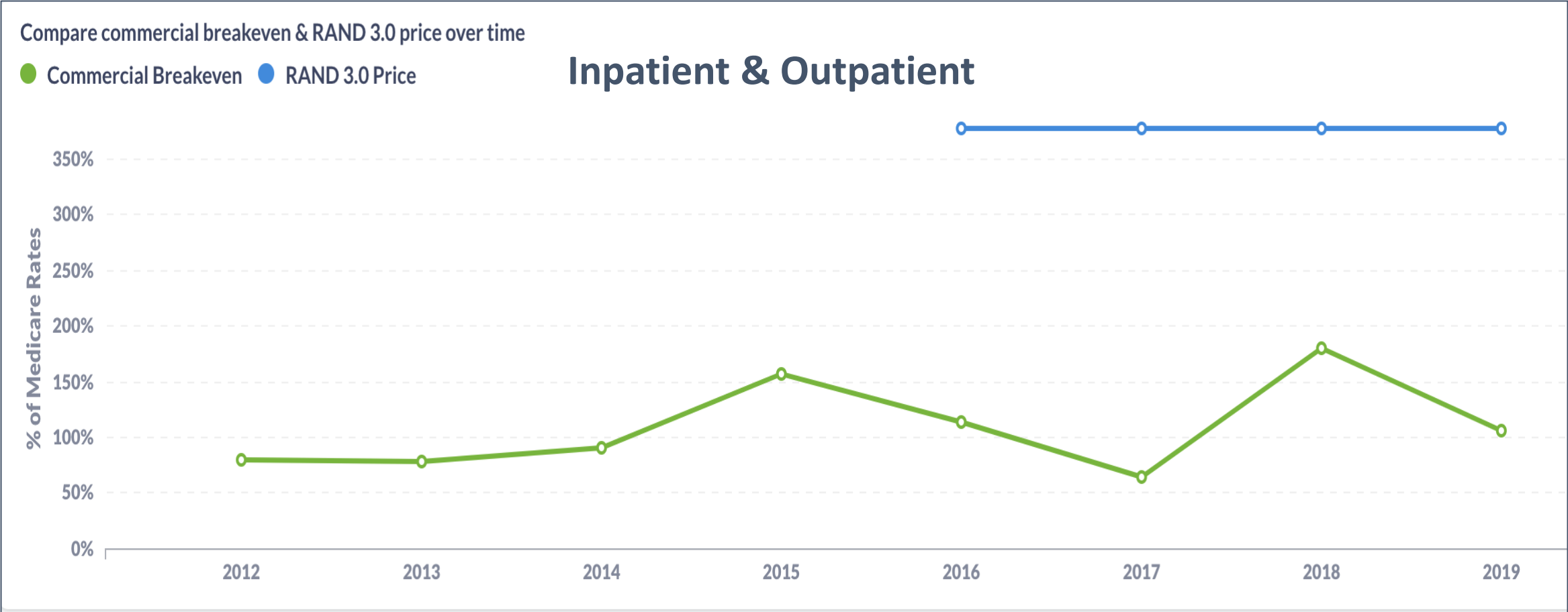
Lowering the Cost to Charge Ratio?



Breakeven Analysis

- NASHP's Hospital Cost Tool calculates a hospital's breakeven point: **Revenue = Expenses**
- **NASHP Commercial Breakeven** – how much a hospital needs to be reimbursed by commercial payers in order to cover commercial patient hospital costs, losses from other payers, charity care, uninsured, all Medicare disallowed costs, and other income/other expense.
- **RAND 3.0 Commercial Price** – how much a hospital was reimbursed by commercial payers in aggregate from 2016 to 2018 for **inpatient and outpatient** hospital services. Calculated using data from the RAND Corporation's [Nationwide Evaluation of Health Care Prices Paid by Private Health Plans](#)
- **Breakeven and Price expressed as multiples of the individual hospital's [Medicare rates](#) for comparability purchases**

View a Hospital – IU Health Indianapolis



Factors That May Impact Breakeven

- **Medicare Payment rate** – A hospital's Breakeven is based on its own Medicare reimbursement rates. If a hospital makes a profit on Medicare patients, Breakeven would be lower.
- **Hospital Other Income** – If a hospital receives significant other income (e.g., return on investments, federal relief payments), Breakeven would be lower.
- **Reimbursement from Other Payers** – Profits and losses from other payers (Medicaid, Medicare, CHIP and other local/state programs, Medicare Advantage) are reflected in the commercial payer Breakeven calculation.
- **Reporting Error** – Medicare Cost Reports are completed by the hospital or their contractor and may contain reporting errors, impacting Breakeven calculations.

Hospital Cost Tool as a Resource

Employer Coalitions and Employer Self-Funded Health Plans

States

- Health Policy
- State Agencies – As regulator and purchaser
- Legislatures
- Pre and Post Mergers, Acquisitions, COPAs

Researchers

Education

Next Steps...

Release 2.0 – October 2022

- Updated with 2020 Medicare Cost Report Data and Rand 4.0
- Enhancements

Supporting State Policy Efforts

- Capping Out of Network Billing
- Community Benefit
- Medicare reference pricing
- Cost Growth and Global Budgeting

Thank you!

Hospital Cost Tool and Calculator

<https://www.nashp.org/policy/health-system-costs>

<https://d3g6lgu1zfs2l4.cloudfront.net/>

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