



## Review of the November 2025 Milliman Report The State of Indiana Price Benchmarking Medicare Repricing Analysis

February 9, 2026

This [Milliman report](#) is in response to the Indiana Code 27-1-47.5-5(1), “which requires a contracted third party to compare Indiana non-profit hospital system prices for the commercially insured market to two hundred eighty-five percent (285%) of Medicare for the three most recent complete calendar years. This comparison is required to be performed separately and combined for: (1) hospital inpatient; (2) hospital outpatient; and (3) practitioner services, and categorized separately and combined for self-insured plans, fully-funded plans, and the individual market. The third-party contractor is further required to make these comparisons for individual hospitals within each Indiana non-profit hospital system and for each system in total.”

This is the second report from Milliman and covers 2022 through 2024. Milliman obtained commercial claim information from the hospitals of the state’s five largest health systems (excluding critical access hospitals). The methodology used by Milliman in this report is similar to the [RAND reports](#) but with several material differences discussed below.

First, the [RAND reports](#) are focused on prices for hospital-based care and only include inpatient and outpatient professional fees that are associated with a hospital-based service.

The RAND reports do **not** include non-hospital based professional services such as primary care services. In the Milliman report, 60% to 77% of professional fees are for services that are **not** provided in a hospital setting. (See Table 2D.) The inclusion of professional fees for medical groups owned by the hospitals has a material effect upon reported prices, reducing average “hospital” prices (aka, facility prices) by **30 to more than 50 percentage points**.

For example, Ascension’s hospital facility prices are reported at 291% of Medicare. Yet, when physician prices are added, this total falls to 254%, **a 37 percentage point decline**.

Prices	Facility Prices Relative to Medicare			Facility plus Professional		Reduction Adding Prof
	Inpatient	Outpatient	Totals	Professional	Professional	
Ascension	221%	364%	291%	137%	254%	-37%
Community	202%	346%	283%	113%	236%	-47%
Franciscan	218%	377%	310%	110%	271%	-39%
IUHealth	229%	300%	268%	165%	237%	-31%
Parkview	238%	376%	314%	121%	262%	-52%

Sources: Tables 2B and 2C

This distortion will be much greater when prices are compared between hospitals with large associated medical groups vs. much smaller hospitals that employ fewer physicians.

The 285% of Medicare target was established during discussions of the RAND reports but the inclusion of office-based professional fees so distorts the reported “hospital” prices as to **render the comparison meaningless**.

A second issue has to do with the covered population included in the report.

As noted above, Indiana Code requires that the results be reported separately and combined for self-insured plans, fully funded plans, and the individual market. Some of the data necessary to



separate prices in this manner was made available to Milliman in the second report. (See Table 4.) Milliman's analysis suggests that prices for self-funded and fully insured groups were similar, while hospital prices for individual coverage were about half as high as group coverage.

The information for the RAND report for Indiana is derived almost entirely from employer-sponsored insurance (ESI), including self-funded and insured plans with no claims from the individual market. As a result, we would expect RAND hospital facility prices to be modestly higher than the Milliman reports. This is exactly what we find in Table 5 of the Milliman report.

What we have learned from the Milliman and RAND reports:

- The RAND and Milliman methodologies produce similar results for hospital **facility** prices. They differ primarily in the information that is included in the studies.
- Adding physician reimbursement from affiliated medical groups materially distorts the price comparisons among hospitals. Reported average prices for hospitals with exactly the same facility fees can differ by 50% points or more depending upon the proportion of services provided by affiliated medical groups.
- When professional fees are included in determining "hospital" prices, the results are not comparable to RAND's results for Indiana or for other states.
- There is information that suggests physician fees, especially for primary care, are low in Indiana and that subsidies from hospitals are necessary to retain physicians. This is an important issue that should be studied. But, again, physician fees for affiliated medical groups should not be averaged with hospital facility fees because this mingling gives misleading information on the prices for each.

Milliman Table 5 Facility Prices	Milliman		Ratios RAND To Milliman
	Adj to RAND	RAND Table 6.16, 2023	
Ascension	303%	336%	1.11
Community*	286%	303%	1.06
Franciscan	291%	286%	0.98
IUHealth	289%	337%	1.17
Parkview	323%	338%	1.05

\*Corrected Milliman 6.16 error. Data from CHS v. CHN

