

RAND Hospital Price Transparency Project

Vermont Green
Mountain Care
Board



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Employer-sponsored Plans Cover Half of Americans



\$1.3 trillion

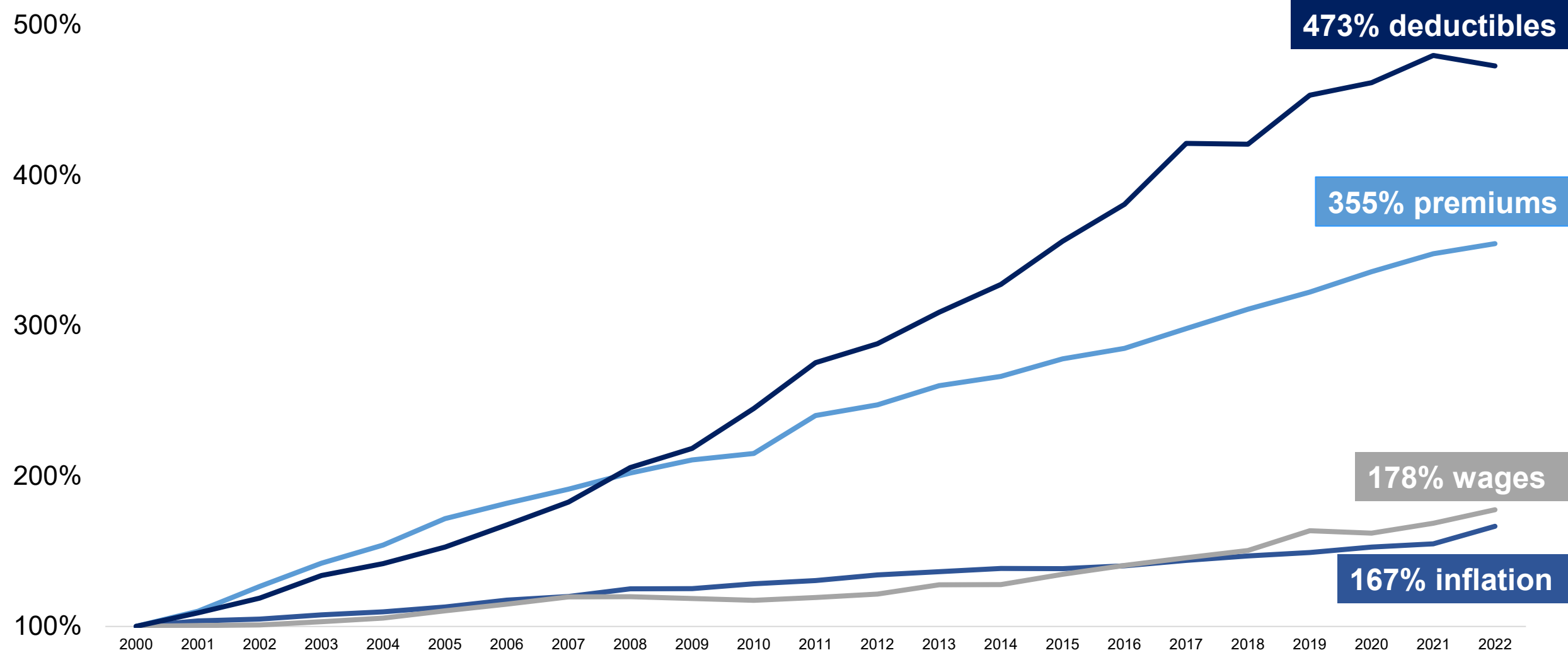
health care costs in 2022

\$486 billion

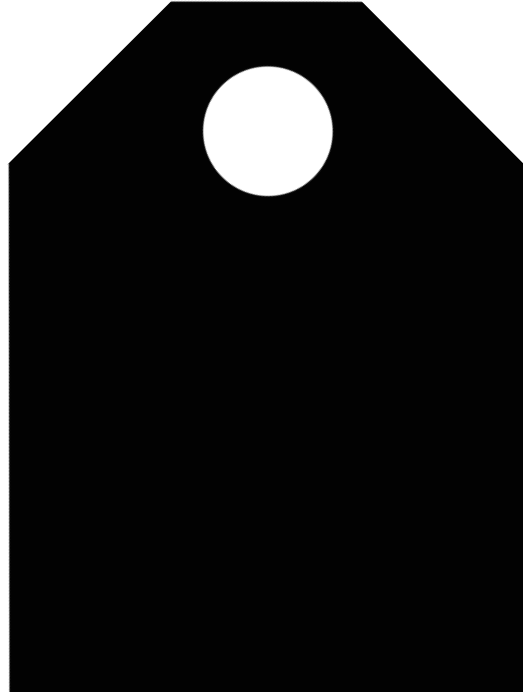
hospital costs in 2022

160 million people

Premiums and Deductibles Outpace Wages



Why did RAND Undertake this Study?



- RAND doesn't know the "right" price
- Purchasers (employers, etc.) can use this report to decide if prices align with value

Self-funded Purchasers' Fiduciary Responsibility

“Fiduciaries have a responsibility to "act solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them.”

—Department of Labor

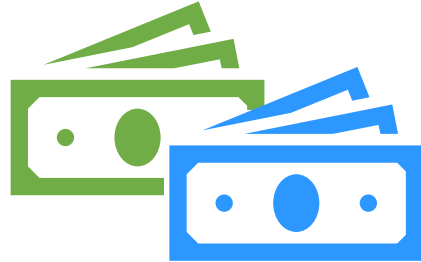


How can self-funded plans fulfill this legal obligation without knowing prices?

Study History: Each Round Added More...

| Study Round | 1 | 2 | 3 | 4 | 5 |
|--------------------------|-----------|---------------------------|--------------------------------------|-------------------------|---------------------------------|
| States | Indiana | 24 more states (25 total) | 24 more states (all except Maryland) | | |
| Data Contributors | Employers | Health plans, 2 APCDs | 4 more APCDs (6 total) | 5 more APCDs (11 total) | 1 more APCD (12 total) |
| Claims | Facility | Inpatient/outpatient | Professional | | |
| Prices | Relative | Standardized | Service-line | Comparisons to ASCs | Drug infusion prices, ED Prices |

Round 5 of the RAND Study



Obtain claims data from

- self-funded employers
- APCDs
- health plans

Measure prices in two ways

- relative to a Medicare benchmark
- price per case-mix weight

Create a *public* hospital price report

- posted online, downloadable
- named facilities & systems
- inpatient prices & outpatient prices

Create *private* hospital price reports for self-funded employers

Comparison to Medicare

Medicare payment system used as a **benchmark**, not as a price goal

- Medicare prices and methods are empirically based and transparent
- Benchmarking to Medicare allows employers to compare to the largest purchaser in the world, **but also to compare hospitals, systems, states, & service types across years**

| Neighboring Hospitals | Relative price for inpatient and outpatient services | Relative price for outpatient services |
|-----------------------|--|--|
| A | 243% | 267% |
| B | 285% | 450% |
| C | 303% | 390% |


Standardized Prices

Sometimes Medicare payment system adds payments for teaching hospitals, CAHs, etc. so Standardized Prices can be used instead:

- Not as intuitive as relative prices, but sometimes facilitates better comparisons
- Standardized using Medicare's case mix grouping and relative weights

| Neighboring Hospitals | Standardized Price per Inpatient Stay | Standardized Price per Outpatient Service |
|------------------------------|--|--|
| A | \$27,450 | \$691 |
| B | \$26,218 | \$519 |
| C | \$26,728 | \$442 |

Main Findings - Nationwide



Over 4,000 hospitals and 4,000 ASCs Commercial Claims
Reveal....

Wide variation in hospital prices across states and within states

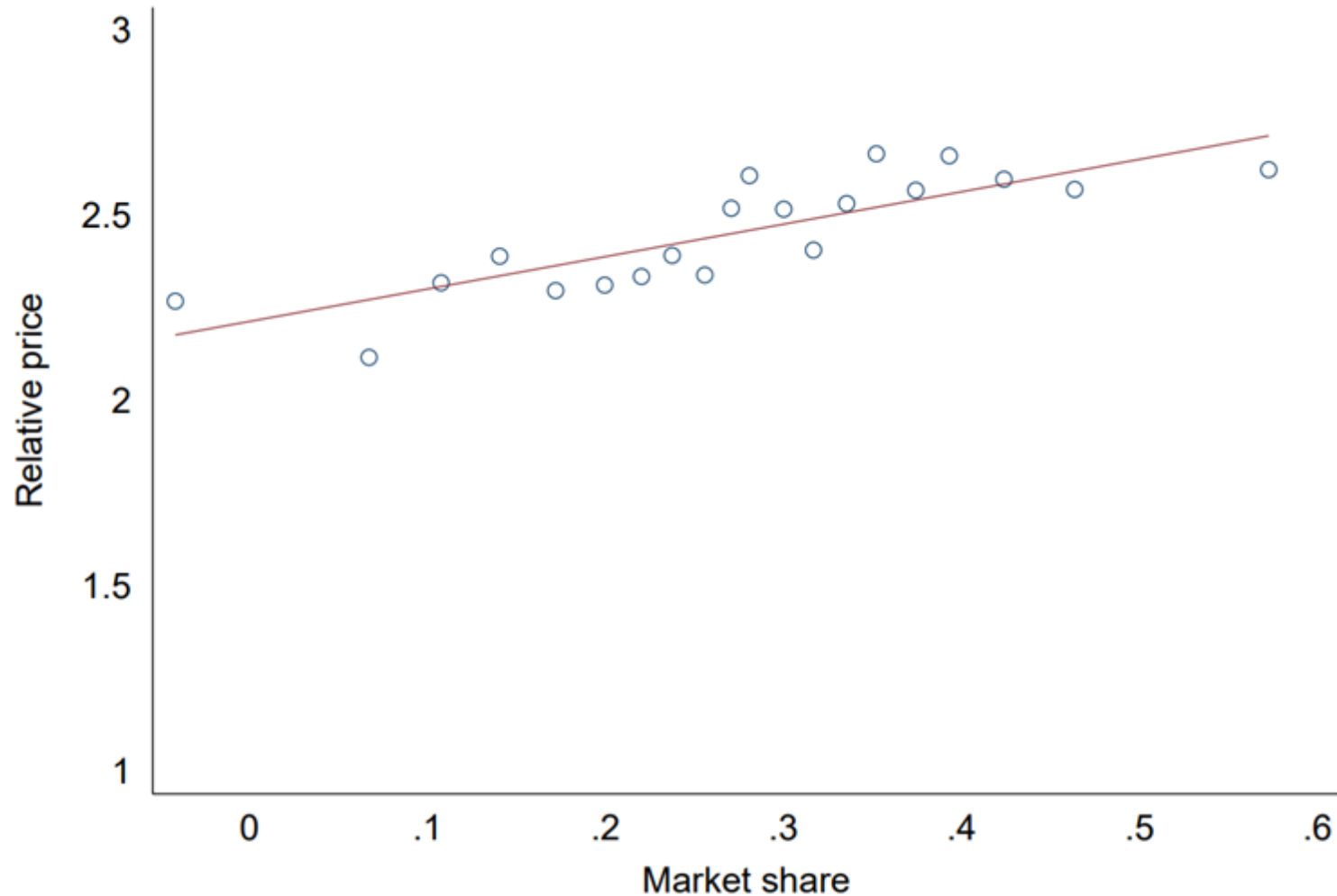
Facility fees usually higher than professional relative to Medicare

Prices for HOPDs higher than ASCs

Prices for Infused Drugs higher in hospital setting

Main Findings - Nationwide

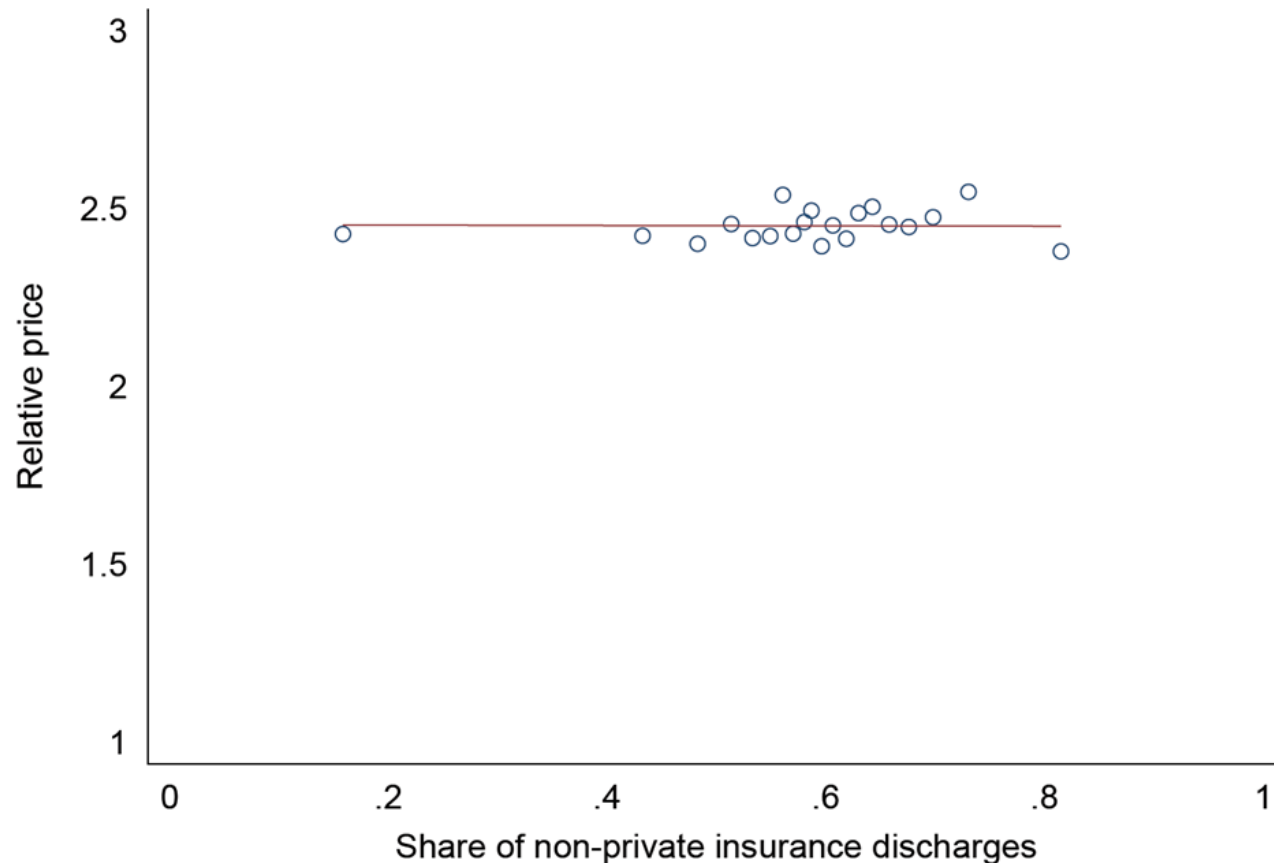
Market Power Explains 18% of Price Variation:



Main Findings - Nationwide

No Evidence of “Cost Shifting”

Share of public payor discharges **not** correlated with relative prices^c



Main Findings - VT

Claims from 14 Hospitals (9 Systems) Reveal....

Wide variation in hospital prices within VT

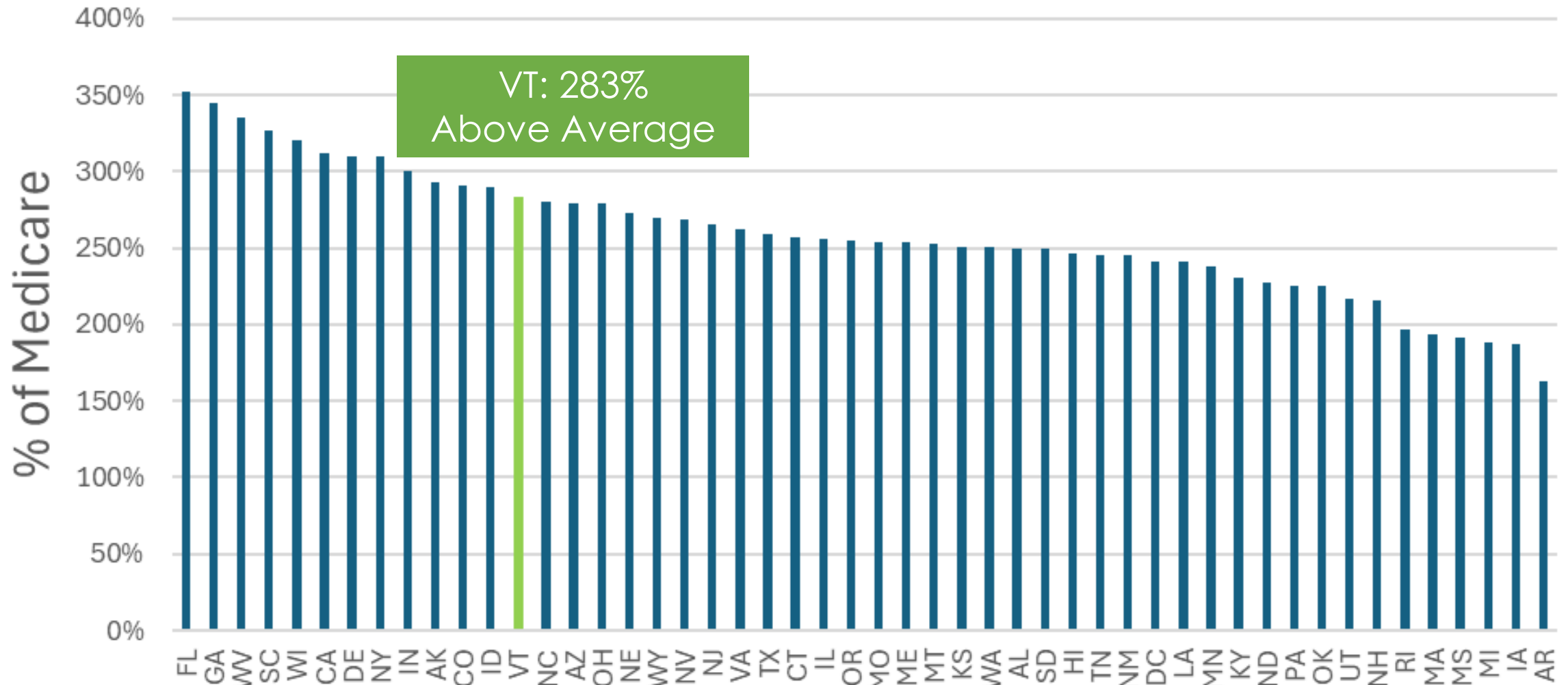
Overall (outpatient + inpatient 283%) above National Average (255%)

- Outpatient higher (311%), Inpatient lower (227%)

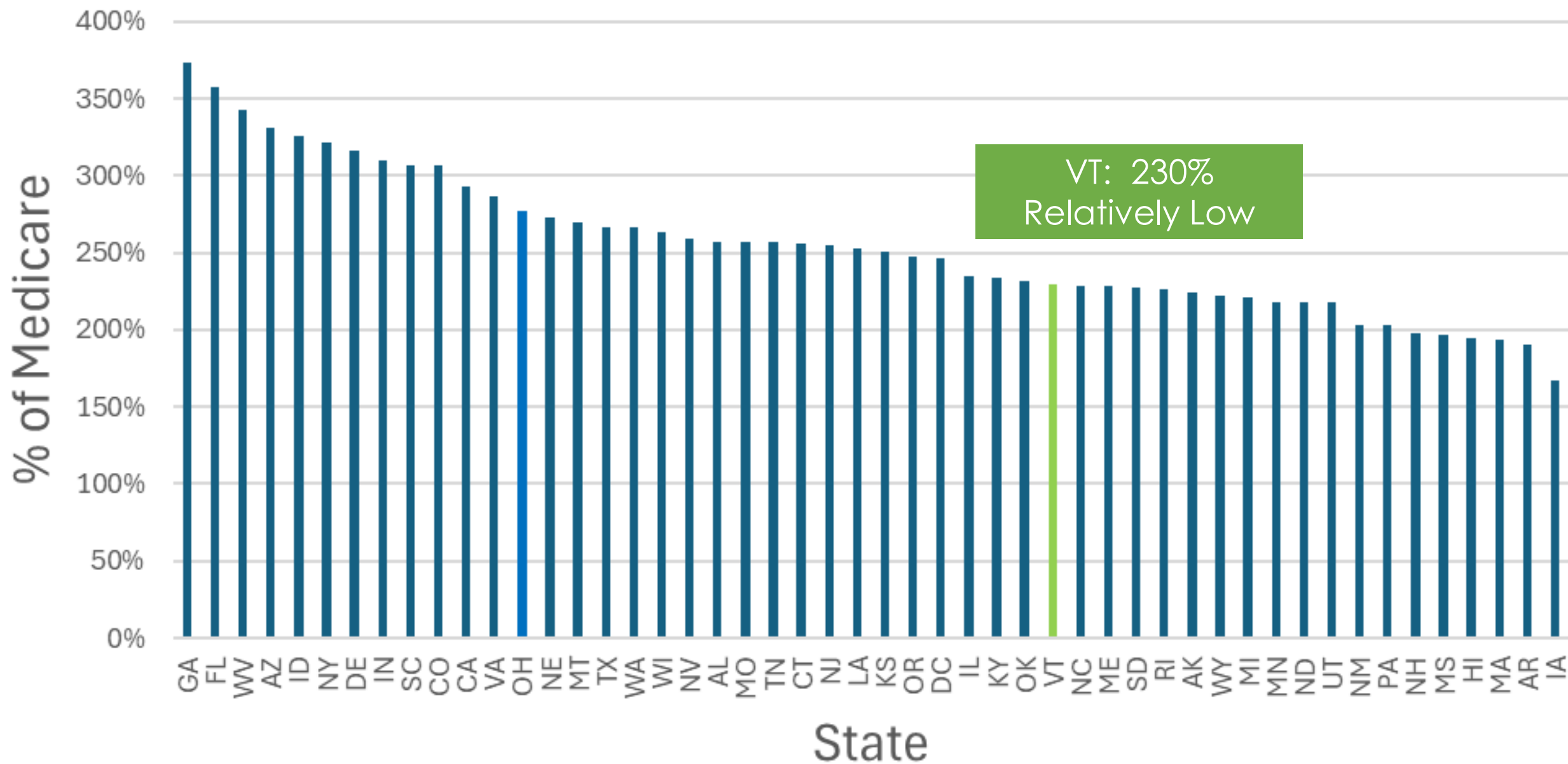
- VT Systems' overall Relative Prices range from 148% to 321%

Overall Relative Prices Vary Widely Across USA

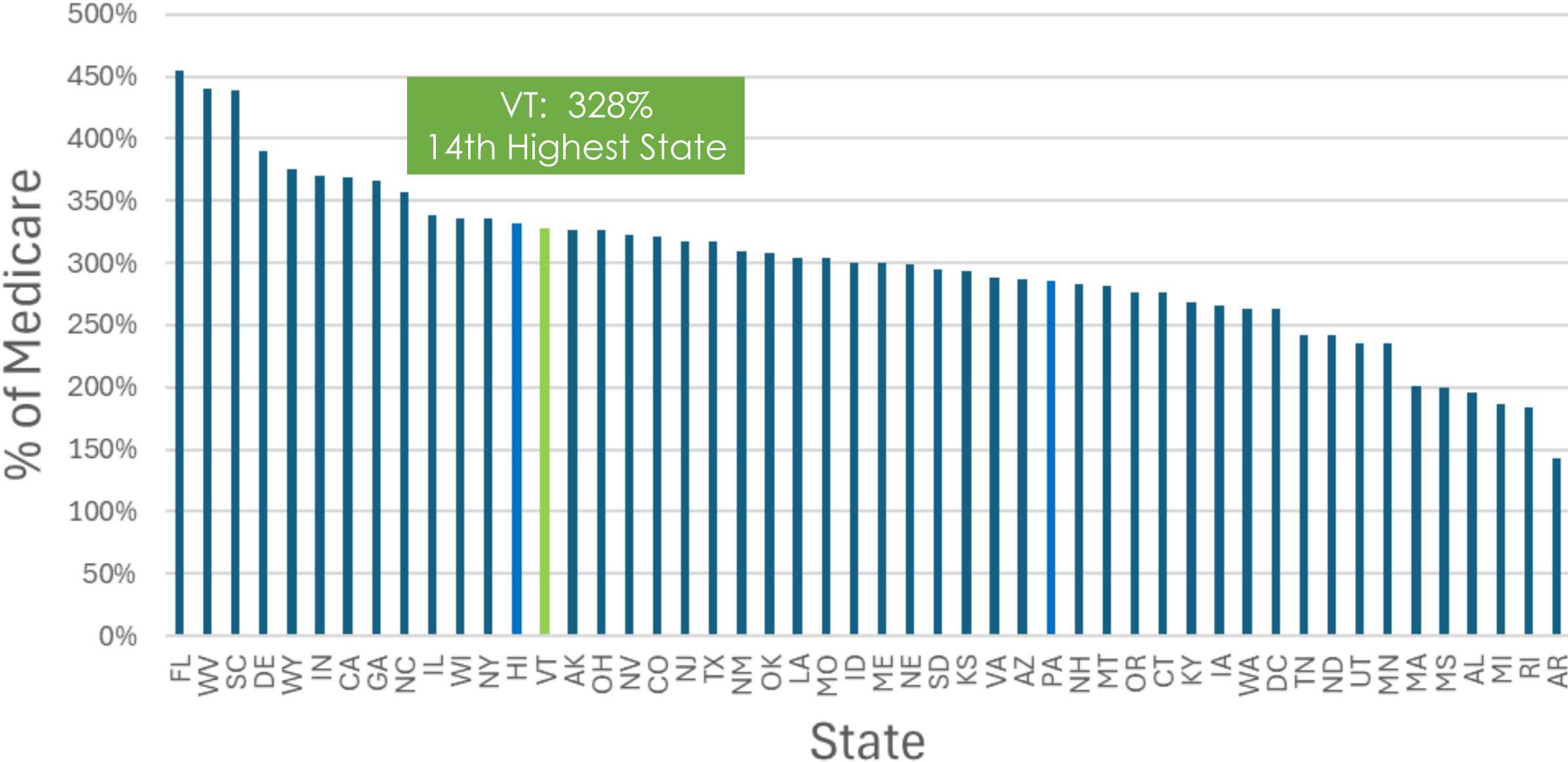
2022 Average Relative Prices, By State



2022 Inpatient Facility Relative Prices, By State

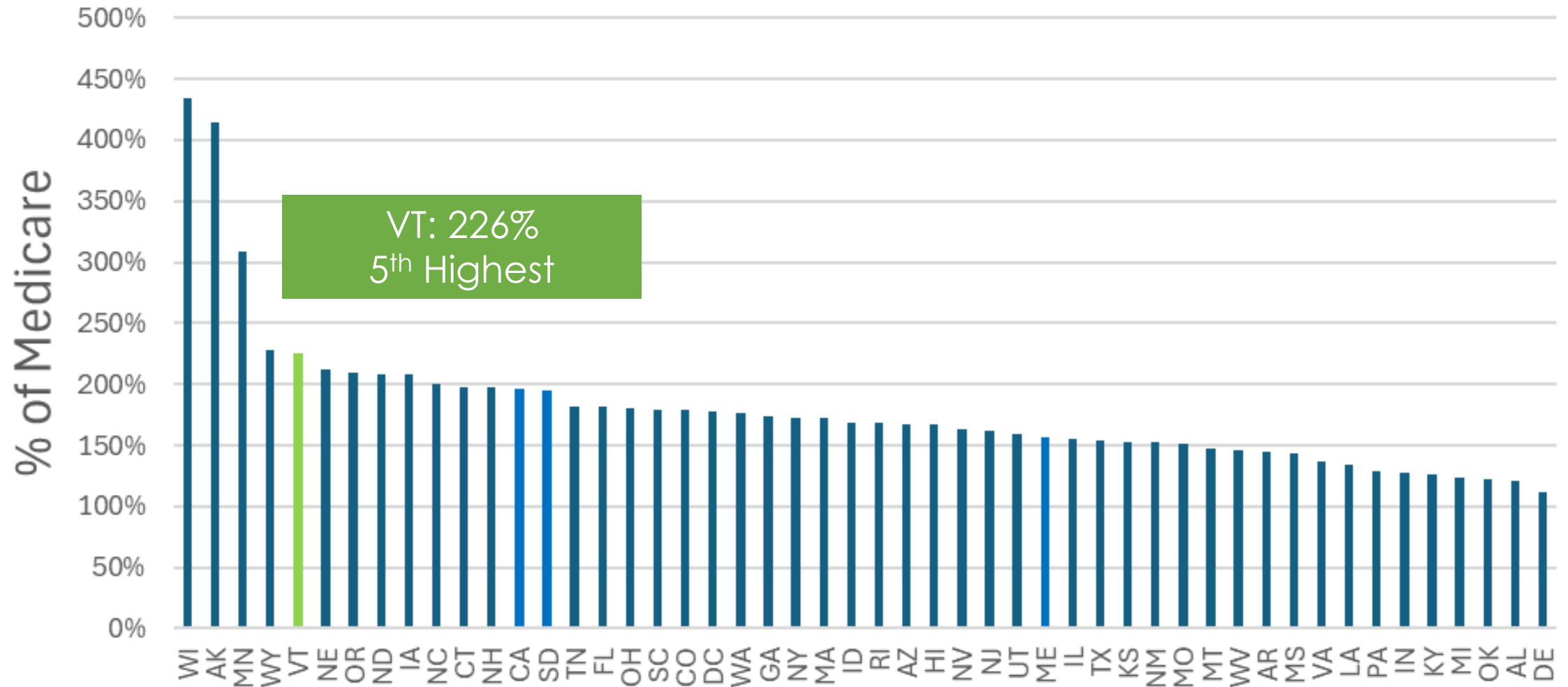


2022 Outpatient Facility Relative Prices, By State

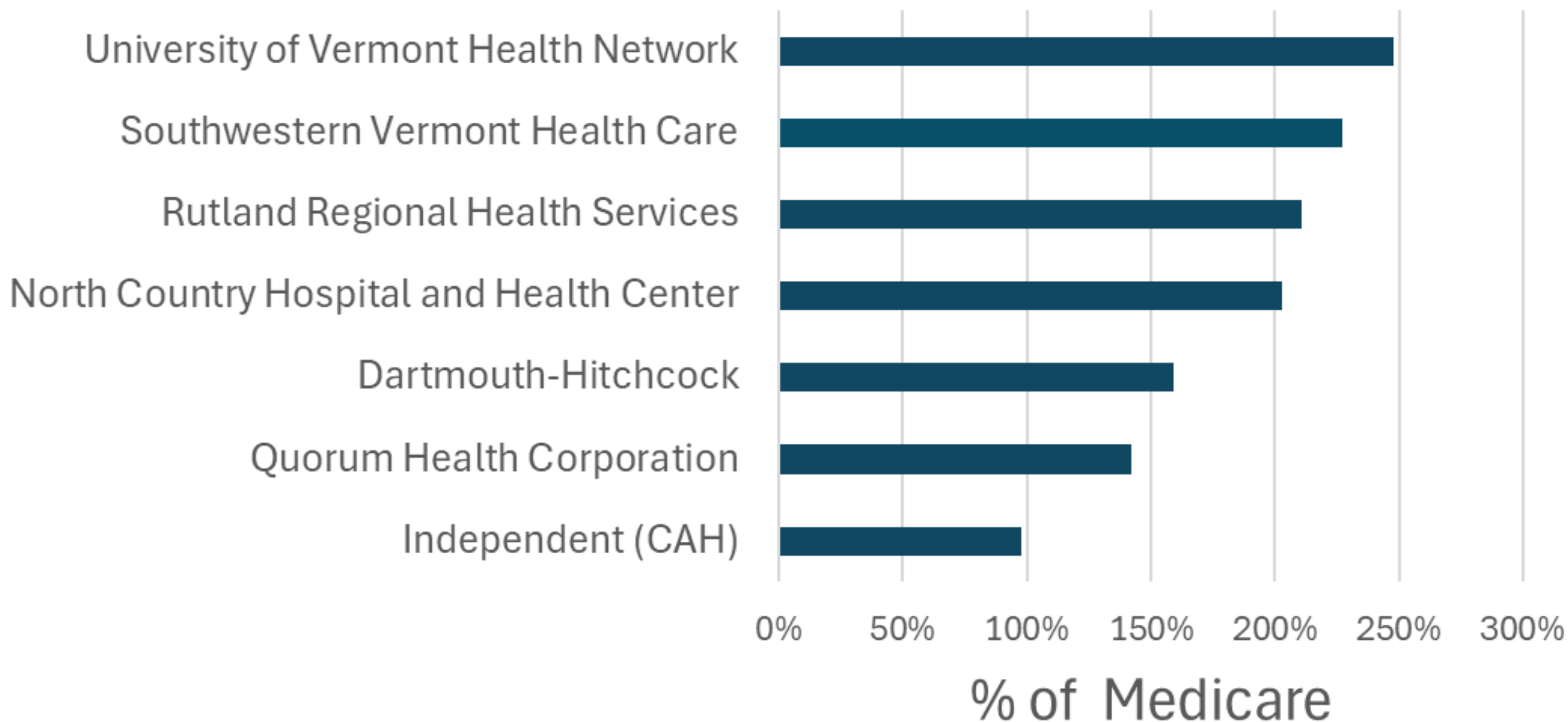


Professional Prices Usually Lower Than Facility

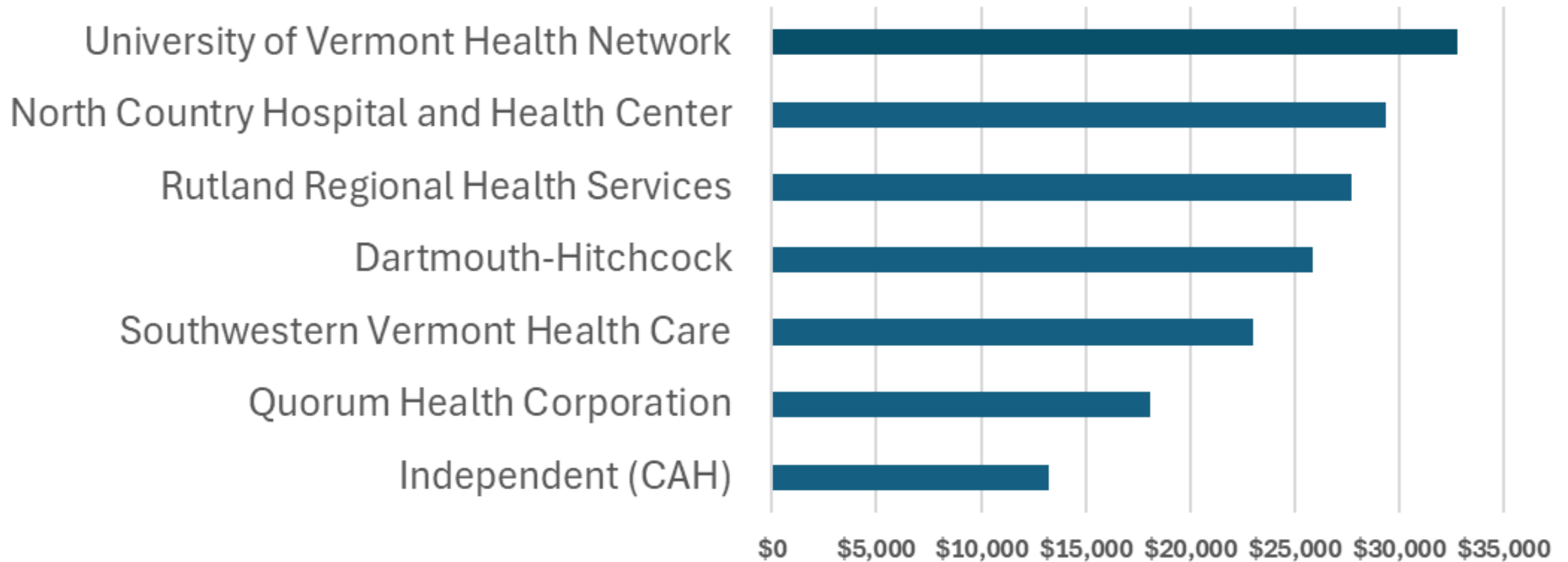
2022 Professional Relative Prices, By State



Relative Price for VT Inpatient Services, 2022

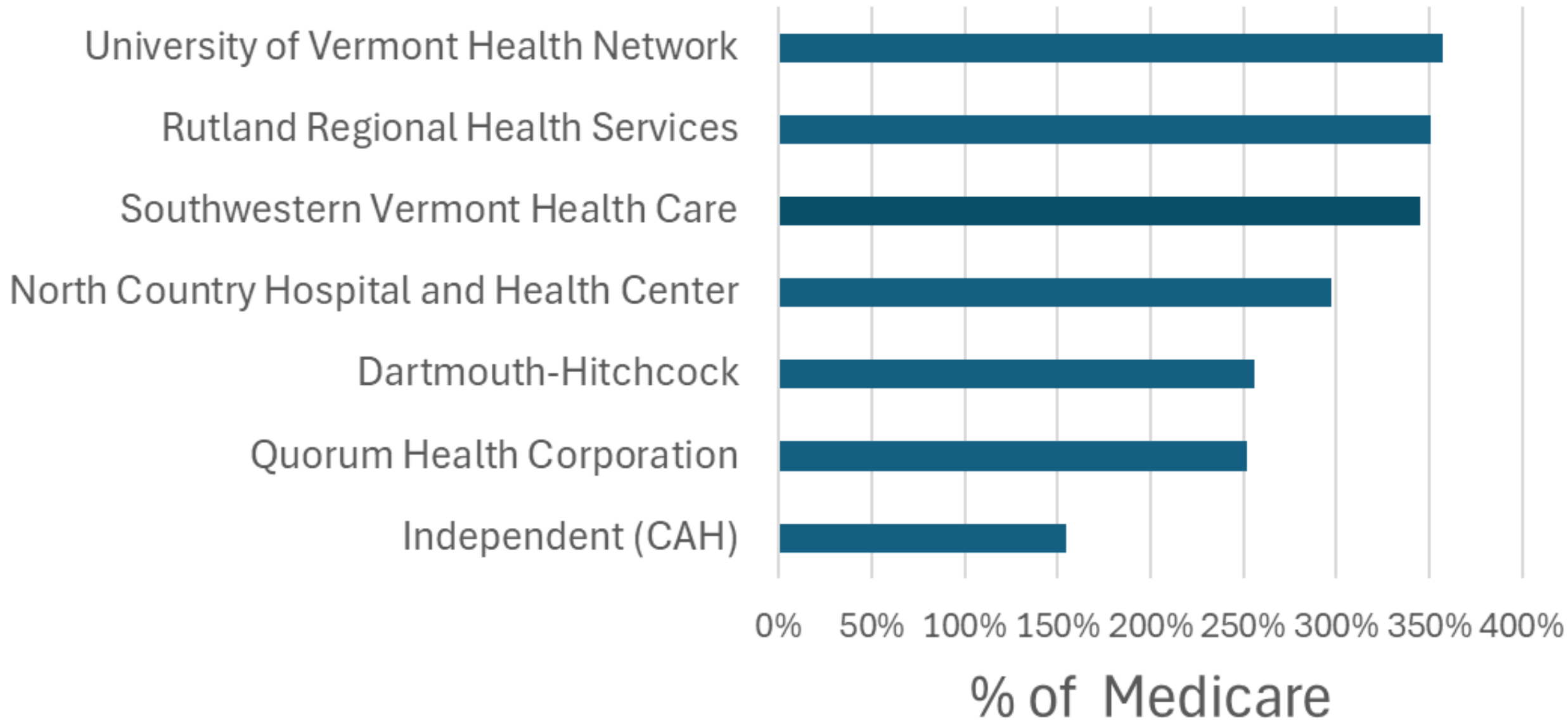


Standardized Price per VT Inpatient Service, 2022



Average Allowed Amount (Dollars) per
Standardized Inpatient Service

Relative Price for VT Outpatient Services, 2022



Standardized Price per VT Outpatient Service, 2022

North Country Hospital and Health Center

Dartmouth-Hitchcock

University of Vermont Health Network

Southwestern Vermont Health Care

Rutland Regional Health Services

Independent (CAH)

Quorum Health Corporation

\$0 \$100 \$200 \$300 \$400 \$500 \$600

Average Allowed Amount (Dollars) per
Standardized Outpatient Service

How Can Employers and Policymakers Use Price Transparency?

Finally have
information
about prices



Benchmark
prices



Change
hospital
networks



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