

Comparing “Price Transparency” Resources

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Agenda

- Review terms
- Goals for comparing variation in costs/payments
- Overview of some available resources
 - Centers for Medicare & Medicaid Services (CMS):
Hospital and Plan Price Transparency
 - National Academy for State Health Policy (NASHP):
Hospital Cost Tool
 - RAND Corporation (RAND):
Prices Paid to Hospitals by Private Health Plans
 - Green Mountain Care Board (GMCB):
Payment and Cost Coverage Variation
Reimbursement Variation Report

“Cost”

- The definition varies:

Patients

- The amount required to be paid for medical care
- *Copay, coinsurance, deductible, premium*

Providers

- Expenses incurred to deliver medical care
- *Equipment, staff compensation, infrastructure, supplies*

Insurers

- Payments made to providers to deliver covered medical services and to administer benefits for groups of individuals
- *Negotiated payment*

Terms

- Charges = full amounts billed by the provider
- Reimbursement = actual payments made to a provider by a patient or insurer
- Expected member share = the payments that individuals are expected to contribute based on their health insurance coverage
- Allowed amount = the total reimbursement (insurer payment plus expected member share)

Explanation of Benefits



CLAIM DETAIL (1 OF X)

PATIENT: John Smith **D**

PROVIDER: Ralph Johnston M.D. **E**

CLAIM # XXXXXXXXXXXXX

DATE PROCESSED: 06/20/2020

We reviewed the claim for this patient based on the additional information received regarding other group health care coverage involvement. Blue Cross and Blue Shield of Texas (BCBSTX) has negotiated discounts with this provider. The following shows how this claim was adjusted.

Sample

F SUBSCRIBER INFORMATION

GROUP NAME

Member ID#: XXXXXXXXX777V Group #: 000012345

Customer Advocates are here to help! XXX-XXX-XXXX

O²

Amount Billed	\$7,850.00
Discounts and Reductions	- \$3,930.00
Health Plan Responsibility	- \$2,219.00
You may owe your health care provider for these services	\$1,701.00

Service Description	Service Dates	YOUR BENEFITS APPLIED				YOUR RESPONSIBILITY				
		Amount Billed G	Discounts and Reductions H	Amount Covered (Allowed) I	Health Plan Responsibility J	Deductible Amount K	Copay Amount L	Coinsurance M	Amount Not Covered N	Your Total Costs O
Surgical Charges	04/04/2020	4,000.00	(1) 1,800.00	2,200.00	960.00	1,000.00		240.00		1,240.00
Recovery Room	04/04/2020	900.00	(1) 410.00	490.00	392.00			98.00		98.00
Med/Surg Supplies	04/04/2020	300.00	(1) 140.00	160.00	128.00			32.00		32.00
Med/Surg Supplies	04/04/2020	100.00						(2) 100.00		100.00
Laboratory Services	04/04/2020	1,200.00	(1) 820.00	380.00	304.00			76.00		76.00
Laboratory Services	04/04/2020	400.00	(1) 270.00	130.00	72.00		50.00	8.00		58.00
MRI Outpatient	04/04/2020	950.00	(1) 490.00	460.00	363.00		15.00	82.00		97.00
CLAIM TOTALS		\$7,850.00	\$3,930.00	\$3,820.00	\$2,219.00	\$1,000.00	\$65.00	\$536.00	\$100.00	\$1,701.00

Total covered benefits approved for this claim: \$2,219.00 to Ralph Johnston M.D. on 06-20-20. **J²**

Notes about amounts under "YOUR BENEFITS APPLIED" and "YOUR RESPONSIBILITY"

- (1) The amount billed is greater than the amount allowed for this service. Based on our agreement with this provider, you will not be billed the difference.
- (2) Your Health Care Plan does not provide benefits for surgical assistant services when billed by the same physician who performed the surgery or administered the anesthesia. No payment can be made. **P**

Your health care plan has a calendar year maximum for x-rays and laboratory services performed in the outpatient department of a hospital, a clinic or a doctor's office. When this maximum has been reached, the balance is eligible under your major medical benefits, subject to a yearly deductible and a coinsurance share.

<https://connect.bcbstx.com/understanding-benefits/b/weblog/posts/an-explanation-of-your-explanation-of-benefits-eob>

Goals of Price Transparency

- Inform consumers
 - By providing consumers information about the payments to expect, they can plan for upcoming medical care.
- Reveal price differences
 - Showing differences between providers' allowed amounts for services may lead to consumers seeking care at providers with lower allowed amounts.
- Encourage competition
 - Variation in allowed amounts may cause providers to reduce their allowed amount to attract more consumers.
- Care planning
 - Providers may be able to improve the options available to individuals if they can understand the potential expenses for treatment options.

Challenges for Price Transparency

- Information is difficult to understand
- Often missing a quality component
- Expected services may differ from what is clinically appropriate
- Difficult and potentially undesirable for providers to understand patients' insurance benefits
- Not aligned with patient or provider incentives

CMS Price Transparency Rules



- Hospitals
 - Updated annually
 - Comprehensive machine-readable file and subset of shoppable services presented in a consumer-friendly format
- Health plans
 - Phase 1 (July 2022): machine-readable files for all in-network covered items/services, plus allowed amounts for out-of-network providers
 - Phase 2 (January 2023): Consumer cost sharing tool for 500 items/services
 - Phase 3 (January 2024): Consumer cost sharing tool expanded for all items/services

Hospital Transparency Examples

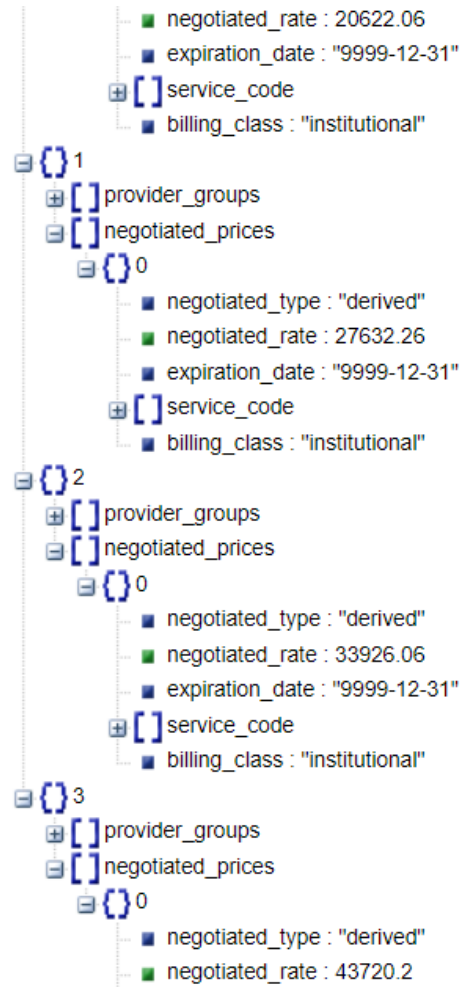


Procedures:	
MAJOR HIP AND KNEE JOINT REPLACEMENT OR REATTACHMENT OF LOWER EXTREMITY W/O MCC	\$57,823.41
Total Estimated Gross Charge	\$57,823.41
Total Contracted Discount	\$13,877.62
Payer-Specific Negotiated Charge	\$43,945.79
Total Insurance Portion	\$0.00

Service: TOTAL KNEE REPLACEMENT	
Estimate Information	Average
Estimated Charges	\$9,190.95
Estimated Patient Responsible Amount:	\$9,190.95

<p>You Pay Reference #2046102</p> <p style="font-size: 2em; color: green; text-align: center;">\$33,186</p> <p>Subtotal ⓘ \$59,749</p> <p>Discount ⓘ -\$26,563</p>		<p>Details ⓘ</p> <table border="1"> <tr> <td>Total Fees ⓘ</td> <td>\$59,749</td> </tr> <tr> <td>Hospital Fees</td> <td>\$41,427</td> </tr> <tr> <td>Physician Fees</td> <td>\$18,322</td> </tr> <tr> <td>Discount ⓘ</td> <td>-\$26,563</td> </tr> <tr> <td>You Pay ⓘ</td> <td>\$33,186</td> </tr> </table>	Total Fees ⓘ	\$59,749	Hospital Fees	\$41,427	Physician Fees	\$18,322	Discount ⓘ	-\$26,563	You Pay ⓘ	\$33,186	
Total Fees ⓘ	\$59,749												
Hospital Fees	\$41,427												
Physician Fees	\$18,322												
Discount ⓘ	-\$26,563												
You Pay ⓘ	\$33,186												
			<p>Outpatient Discounted Cash Price (financial assistance available)</p>										
			<p>Percent of Charges</p>										
Identific	Shoppable Service		60%										
315	Knee Arthroplasty, (single/one knee), Total Physician Service Hospital Room Charge and Supplies		\$ 4,028.40 \$37,669.20										

Plan Transparency Example



CMS Price Transparency

Strengths

- Detailed information by payer and provider
- Shows allowed amounts
- Available for all hospitals

Limitations

- Estimates take time and content knowledge to gather
- Estimate of consumer's expected share better from the insurer
- Difficult to get apples-to-apples comparisons

NASHP Hospital Cost Tool (HCT)



Hospital Cost Tool

The National Academy for State Health Policy's (NASHP) Hospital Cost Tool (HCT) dashboard aims to provide state policymakers and researchers with analytical insights into how much hospitals spend on patient care services, and how such costs relate to the hospital charges (list prices) and actual prices paid by health plans. The dashboard reports on a range of measures for hospital revenue, costs, profitability, and break-even points across over 4,600 hospitals nationwide for the period from 2011 through 2019. The dashboard offers options to view data at the hospital, state, and health system levels. The underlying HCT dataset includes approximately 60 variables extracted and calculated using data from the national Healthcare Cost Report Information System (HCRIS) as the main data source. Hospitals in this dataset represent approximately 70 million patient discharges and \$49 billion hospital net income in the most recent reporting year.

Coming late Fall 2022: an update to the Hospital Cost Tool, including price and cost data for fiscal year 2020.

Dashboard Overview

- **Compare among hospitals:** View hospital-level metrics for a group of hospitals based on the filter selections. The state and national medians shown also relate to the selected hospital attributes.
- **View a single hospital:** View metrics for the selected hospital as a snapshot and over time.
- **Explore by state:** View state medians on financial metrics for the selected states over time and by hospital attributes.
- **Explore by health system:** View hospital profit generated from patient care services aggregated at the health system level (shown as medians and totals).

[Download the hospital-level dataset >>](#)

[Download the hospital-level dataset variable definitions >>](#)

COMPARE AMONG HOSPITALS

VIEW A SINGLE HOSPITAL

EXPLORE BY STATE

EXPLORE BY HEALTH SYSTEM

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

Strengths

- Standardized high-level information
- Allows comparisons by hospital and by health system
- Transparent methods and public use data set

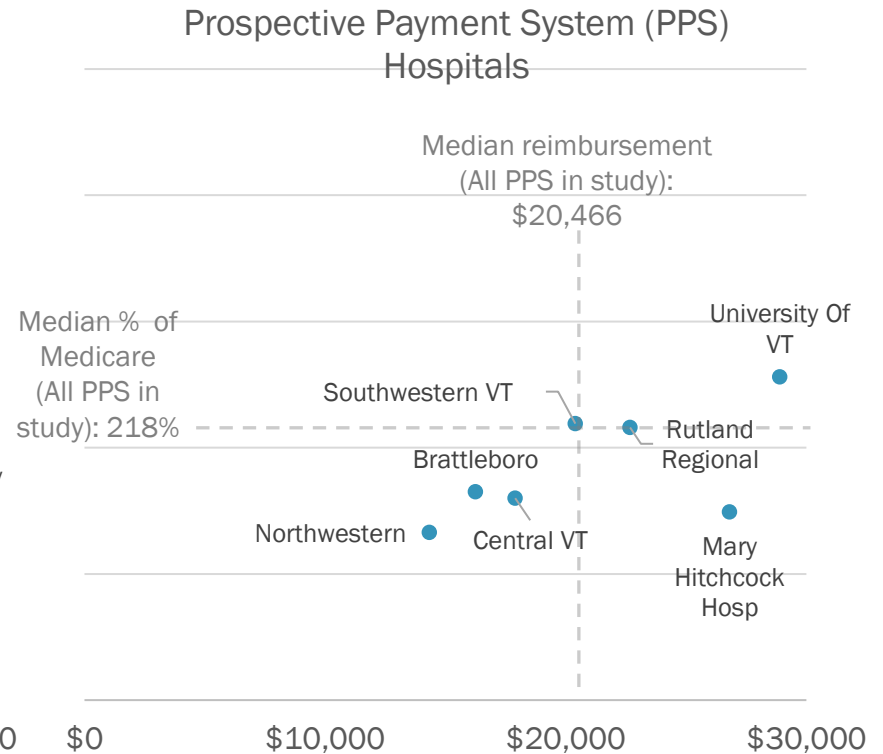
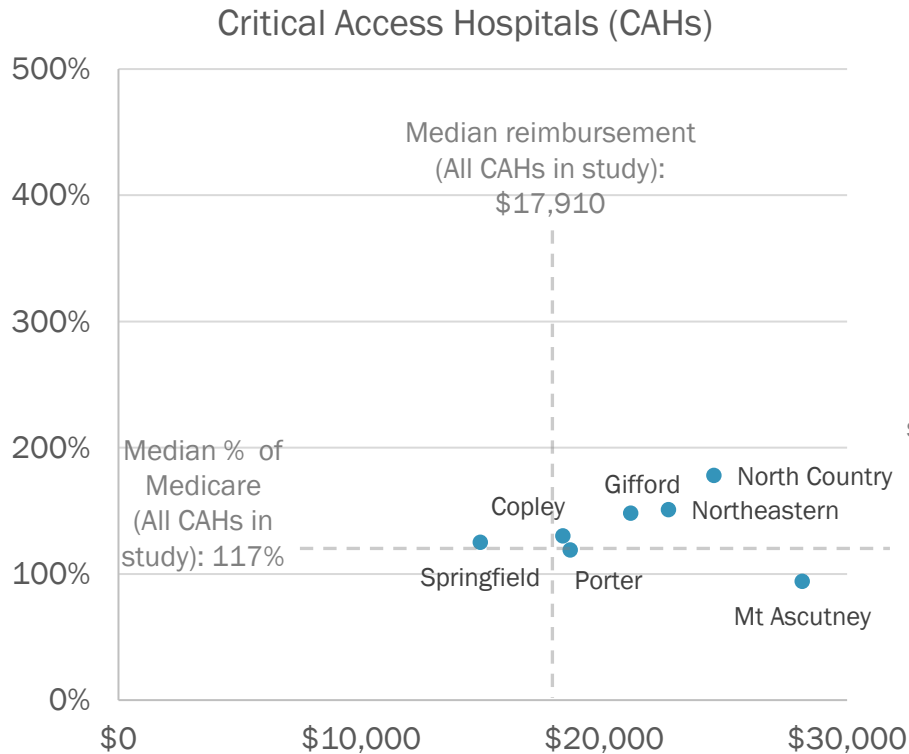
Limitations

- Lagged (2019 is most recent)
- RAND 3.0 pricing information limited for Vermont
- Utilization estimates may systematically differ

RAND Price Studies

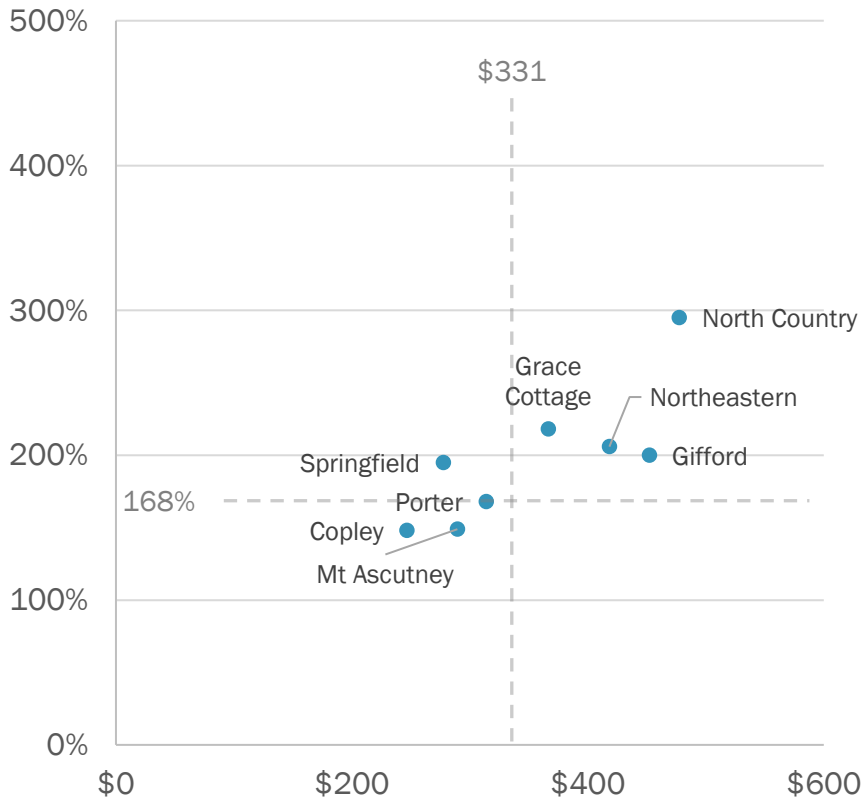
- Series of reports designed to offer employers with information about the variation in allowed amounts between providers.
- Uses data from employer groups, All-Payer Claims Databases (APCD), and health plans.
- Provides two price calculations:
 - Standardized = average allowed amount per unit of service (defined by Medicare relative weights)
 - Relative = Total commercial payments divided by what Medicare would have paid for same services
- The most recent round includes Vermont's APCD data (https://www.rand.org/pubs/research_reports/RRA1144-1.html)

RAND 4.0: Inpatient Services

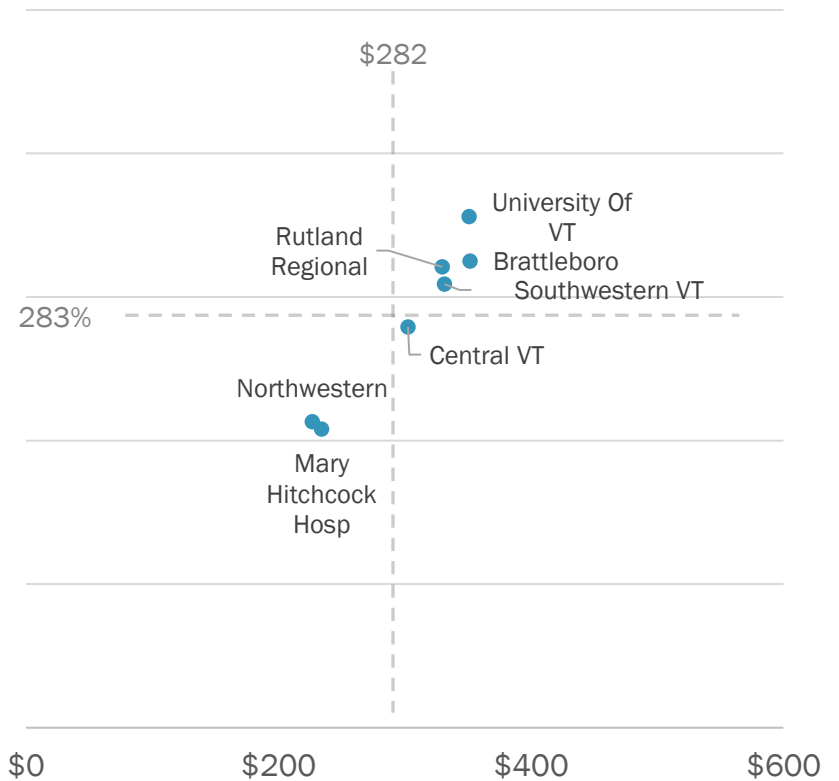


Rand 4.0: Outpatient Services

Critical Access Hospitals (CAHs)



Prospective Payment System (PPS)
Hospitals



RAND Price Studies

Strengths

- National perspective on average facility differences
- Balances standardized and relative commercial allowed amounts to Medicare

Limitations

- Payments may be distorted by plans who choose to participate
- Limited to commercial payers
- Comparisons at a facility level

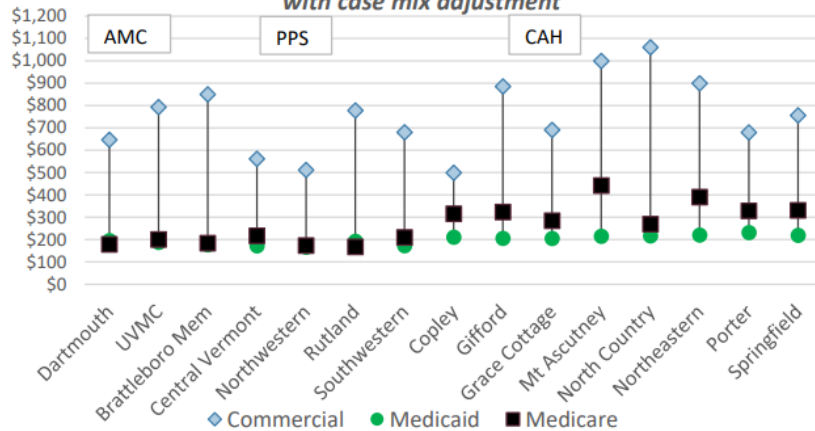
GMCB Payment and Cost Variation

- Initial results were presented in October 2021:
 - https://gmcboard.vermont.gov/sites/gmcb/files/documents/BoardPres_HMA_ExaminationofPaymentandCostCoverageVariationAcrossPayersforHospitalServices_20211027.pdf
- Uses Medicare cost reports to assign the Medicare-allowable costs to inpatient and outpatient hospital claims, which are adjusted based on derived all-payer relative weights
- Allows service-category comparisons for
 - Medicare-allowable cost
 - Payments
 - Payment-to-Cost ratios

Example: Total Adjusted Outpatient Payments and Costs

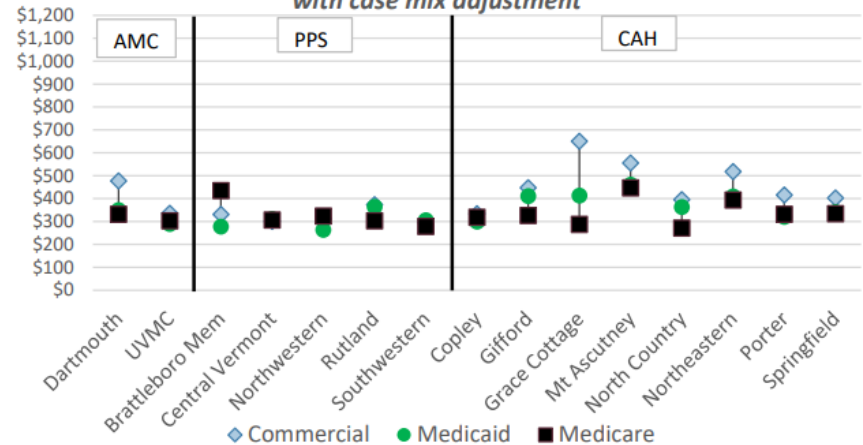
Average Payment Per Outpatient APC Service, HFY 2019

with case mix adjustment

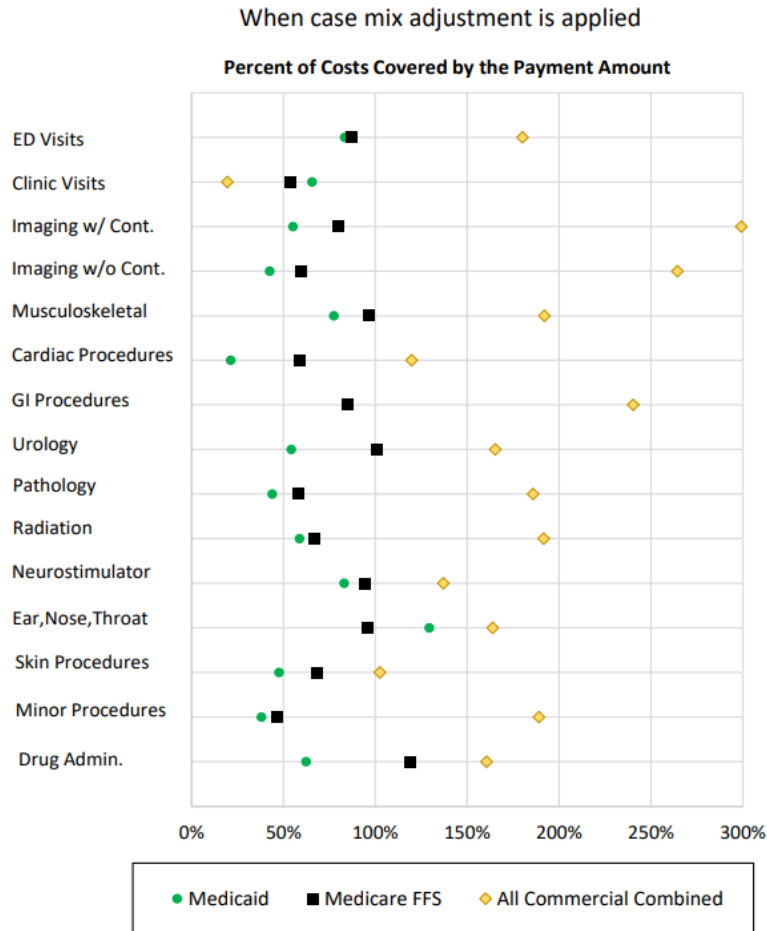


Average Cost Per Outpatient APC Service, HFY 2019

with case mix adjustment



Example: Adjusted Cost Coverage by Outpatient Service Category



GMCB Cost and Payment Variation Study

Strengths

- Incorporates detailed cost information
- Provides insight into variation by service category within and across hospitals

Limitations

- Limited to facility claims
- Only Vermont residents with claims in VHCURES
- Medicare defined costs differ from individual hospitals' cost structures

GMCB Price Variation Report



- Required by Vermont statute to provide consumers estimates of allowed amounts, including the expected member share
 - <https://public.tableau.com/app/profile/state.of.vermont/viz/ReimbursementVariationReport/ReimbursementVariation?publish=yes>

GMCB Cost and Payment Variation Study

Strengths

- Shows payments by episodes of care
- Includes variation across and within facilities for specific services

Limitations

- Does not incorporate covered benefits
- Lagged (CY2020 most recent) and limited to a few services
- Identified facility does not necessarily receive entire payment

Summary for Use in Hospital Budgets

ALL RESOURCES	Look backward; budgets are forward-looking estimates
CMS Hospital Reporting	Negotiated payments at unit level are not easy to aggregate into the hospitals' total expected revenue
CMS Insurer Reporting	
RAND Payment Variation Studies	Limited to commercial payments for those participating in the study; must consider standardized and relative prices
GMCB Payment & Cost Coverage Variation	Limited to services with a Medicare-allowable cost and claims-based payments in the APCD
GMCB Reimbursement Variation Report	Payments do not necessarily all go to identified facility